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THE MINIMUM WAGE

A FAILING EXPERIMENT

TOGETHER WITH SOME SIDELIGHTS
on the
MASSACHUSETTS EXPERIENCE

PUBLISHED BY THE
EXECUTIVE COMMITTEE
of
MERCHANTS *and* MANUFACTURERS *of* MASSACHUSETTS
BOSTON, 1916

THE

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JUL 17 1917

THERE is no one, whether in or out of the business world, who does not feel the sympathetic appeal of those workers, men or women, who, by reason of our present complex social and industrial system, not only fail partially or wholly of the reasonable comforts of life, but attain the commonly regarded necessities only with the utmost struggle and uncertainty. The problem presented by this condition is so fundamental, so near to the supreme question of what is the true relationship between the individual man, possessed of certain inalienable rights — and collective man, (all men and women), to whom the individual man owes certain obligations,— that no snap judgment can solve it. There are some searching minds now turning powerfully upon this question. The superficial glossing-over by the theorists of the moment, or the unearthing of remedies which have been discredited and mouldering for centuries, must yield to the illumined insight which can penetrate into the heart of the problem and find its true values.

Therefore, this book must not be taken to ignore or minimize these pressing questions. Although it is our purpose to expose mercilessly, if necessary, the utter weakness and injustice of the present legislative Minimum Wage, it is on the principle of rooting up a superstition in order to get nearer to the essential foundation.

Although we do not claim to be actuated solely by altruism, uninfluenced by the instinctive, (call it selfish if you will), protection men give to their threatened private interests, yet we conceive our work to be a much needed service to the workers first mentioned. They should not be encouraged to chase will-o-the-wisps which only lead them farther from safety. As the learned judge said, "I am not looking at mice when there are elephants going by."

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FOREWORD

THERE has been an astonishing lack of available information in the United States concerning the *statutory Minimum Wage*, its origin, its history and its practical results. The two great classes of Americans who are closest to the scene of action (the *employer* and the *employee*) know the least about it. It is a common picture at hearings in almost any of the states where Minimum Wage Laws are proposed to be enacted to find the proponents and advocates of the bill made up either wholly or preponderantly of men and women whose livelihood is largely derived from service in this or that "social welfare" organization, theorists on sociology, an occasional college professor, and, finally, a large proportion of well-to-do women whose sympathetic tendencies far outweigh their analytical grasp of the laws underlying the business and economic relations of mankind. It is rare, indeed, to find any of these advocates numbered among those classes of society whose social and economic welfare is really bound up in the weekly pay roll of factory and shop, whether as owner or as worker. Except theoretically, an increase in wage standards, or, on the other hand, the impairment of a great industry through hampering laws, means relatively nothing to most of these advocates. Therefore, to them, the picture of a concourse of happy, prosperous workers, emancipated from worry and care through a simple decree of the legislature, is naturally an alluring and pleasing one. We, too, wish that the economic problems of humanity were as easily solved, and with as little sacrifice.

The result is, that ninety-nine per cent of employers first learn of this new burden when the Minimum Wage inspector appears in the factory office and demands certain information contained only in the private books of the concern. The employer suddenly realizes that from this demand to examine his pay roll and other records, to a ruthless overhauling of his dividends, and profit and loss account, is but a single step.

Similarly, the *employee*—she, in the majority of cases, has never heard of the law until it is in full swing. In known instances, when fully informed of the probable effect of the law upon her future prospects and her co-workers, if given an opportunity, she *has voted against* its acceptance by her employer. The reasons for this are set forth in detail later on in the story. *Read them carefully.* In other words, the women workers affected by the Minimum Wage Law were not its original advocates, nor are they to-day as a class *for it* in anything but an indifferent sense. All the higher paid, more efficient workers dread its levelling effect; while the inefficient fears discharge, and she has good cause to fear this in Massachusetts, as you will note in Appendix A.

Our purpose, therefore, in issuing this important pamphlet at this time is to bring these clear facts to the attention of Massachusetts employers, to the workers themse ves, and to the public generally. All are inextricably bound up in the success or failure of this enterprise. If we are right in our earnest conviction that the statutory Minimum Wage is a grievous economic error, and therefore a menace to capital and labor alike, the sooner it is probed to the depths the better for all.

If the old adage, "The tree is known by its fruit," is still true, we ask your fair consideration of whether *the baneful results* of this legislation in this Commonwealth since 1913, set forth in this pamphlet, do not sufficiently prove our contention?

In preparing the historical features of this pamphlet much valuable information was gained from the excellent Preliminary Report on the Legislative Minimum Wage, prepared by the Industrial Betterment Committee of the National Association of Manufacturers, issued May 25, 1915. Among other notable pamphlets that of Rome G. Brown, Esq., entitled "The Minimum Wage," 1914, is also specially deserving of credit for its illuminating discussion.

The arguments in this present pamphlet set forth new possibilities and a further analysis of the underlying problem itself, to which we invite the careful consideration of the business men of the state.

By ALFRED E. LUNT, ESQ., *Counsel.*

ERNEST P. BENNETT,
GEORGE E. CLOSE,
WILLIAM P. CREAMER.

Executive Committee Merchants and Manufacturers of Massachusetts Relative to the Minimum Wage, Representing the Following Industries:

Woolen, Cotton, Box, Laundry, Confectionery, Rubber, Knit Goods, Electrical Machinery and Supplies, Retail Stores, Brush Making, Dyers, Corset, Envelopes, Carpets and Rugs, Watches, Shirts, Suspenders and Elastic Goods, Jewelry, Boots and Shoes, Leather Goods and others.

BOSTON, August 8, 1916.

Communications should be addressed to the Executive Committee, Room 53, 89 State Street, Boston.

The Historical Minimum Wage*

CHAPTER I

THE HISTORIC KALEIDOSCOPE OF MINIMUM WAGE LEGISLATION

It is well known that from the beginning of industrial development, dating far back into the Roman era, wages and the determination of wages have almost without exception been *a matter of private contract.* The intangible but none the less certain *economic law of supply and demand* fixed the general terms of wage schedules. Employer and employee have alike bowed to this law because every infringement of it has brought terrible rebukes to industry, no matter how rosy colored or subtle the theories advanced by various agitators for its evasion. There have been several unsuccessful attempts to fix not only a Minimum Wage but also a Maximum Wage during the last two thousand years, especially by the Romans in the first five Christian centuries. As near as can be learned these attempts, which at first were to fix Maximum Wages, all succumbed to the silent working of the economic law. In the Middle Ages, in the countries of western and southwestern Europe, the same attempt was made, and in England in 1349 A.D., under the statute of Edward III, *maximum wages* were decreed, owing to the scarcity of labor

*The Minimum Wage Law in Massachusetts became effective July 1, 1913. A summary of this law with its amendments to date will be found in Appendix D. The law primarily concerns women workers. The sixty-one (61) industries of the Commonwealth employing a substantial number of women — (in sixteen [16] industries more female than male workers are employed; in several others of the largest industries the women are a close second in numbers) show an invested capital of the enormous sum of over nine hundred thirty-eight millions of dollars, actually $938,943,781. These industries are as follows: Blacking, Bookbinding and Blank-book Making, Boot and Shoe Cut Stock and Findings, Boots and Shoes, Boots and Shoes (Rubber), Boxes (Fancy and Paper), Boxes (Wooden Packing), Bread and other Bakery Products, Brushes, Buttons, Canning and Preserving, Carpets and Rugs, other than Rag, Men's Clothing, Women's Clothing, Combs and Hairpins, Confectionery, Copper, Tin and Sheet-Iron Products, Cordage and Twine, Corsets, Cotton Goods, Cotton Small Wares, Cutlery and Tools, not elsewhere specified, Dyeing and Finishing Textiles, Electrical Machinery, Apparatus and Supplies, Envelopes, Fancy Articles, not elsewhere specified, Felt Goods, Men's Furnishing Goods, Furniture, Glue, Hats (Felt), Hats (Straw), Hosiery and Knit Goods, Iron and Steel, Bolts, Nuts, Washers and Rivets, not made in Steel Works, or Rolling Mills, Iron and Steel, Nails and Spikes, Cut and Wrought, including Wire Nails, not made in Steel Works or Rolling Mills, Jewelry, Leather Goods, not elsewhere specified, Linen Goods, Mattresses and Spring Beds, Millinery and Lace Goods, Musical Instruments, Pianos and Organs and Materials, Optical Goods, Paper and Wood Pulp, Paper Goods, not elsewhere specified, Patent Medicines and Compounds and Druggists' Preparations, Pocketbooks, Printing and Publishing, Rubber Goods, not elsewhere specified, Shirts, Silk and Silk Goods, including Throwsters, Silverware and Plated Ware, Sporting and Athletic Goods, Stationery Goods, not elsewhere specified, Suspenders, Garters and Elastic Woven Goods, Tobacco Manufacturers, Toys and Games, Waste, Whips, Wirework, including Wire Rope Cable, Woolen and Worsted Goods; all other industries.

The entire annual pay roll of these sixty-one (61) industries amounts to $264, 584,335. Of this amount it is estimated the female and minor employees in the sixty-one (61) industries who are under the jurisdiction of the Minimum Wage Commission receive over $100,000,000 annually. For the basis of all these figures see "Statistics of Massachusetts Manufacturers — 1913."

The Executive Committee of Massachusetts Merchants and Manufacturers estimate that out of these *sixty-one* Massachusetts industries at least *forty-eight* are in sharp competition with manufacturers in other states, and that this competition comes mainly from states in which no Minimum Wage Legislation has ever been adopted. Notwithstanding this serious situation, the present Minimum Wage Commission, through its Wage Board in the brush industry investigation, claimed that it was impracticable to compile manufacturing costs in competing states, and refused the request of the manufacturers on that Wage Board to take such comparisons into consideration, despite the fact that the law requires a thoroughgoing investigation into the financial ability of the industry to meet an increased wage standard.

caused by pestilence, and the consequent exorbitant demands of the workers. This again worked badly, caused much injustice to the skilled workers themselves, and was overturned. In all these attempts the skilled workers and the inefficient suffered most. In the reign of Elizabeth a Minimum Wage Law was enacted, and for a long period state regulation was the popular means of meeting economic inequalities. *Until these regulations were repealed chaos reigned in British economic circles.* After their repeal the status of labor began to improve. On this point note the statement of Mr. George Howell, an advocate of Trades-Unionism and a member of the British Parliament. He speaks of the two hundred and fifty year period beginning with Elizabeth, and his statement is deserving of much weight. It is as follows:

> "The state having once more entered upon the wild-goose chase of attempting to regulate labor, thereby restraining the development of the individual in the pursuit of his own welfare, it found no halting place. As new industries arose, the law had to be extended. Each fresh discovery and invention was more or less handicapped in its application to industry. *Capital was fettered, employers were harassed and hampered, and manufacturers were impeded by such laws, and worse than all, they afforded but scant protection to the workmen.* It so happened, however, that the latter sought to perpetuate them, because they feared that by repeal they would fare worse than under the law. The capitalists and employers, on the contrary, sought their repeal, and for about two centuries the contest raged fiercer and fiercer on the one side for the retention of the laws, and on the other for their repeal. . . . But there was no halting place. *Finis* was nowhere written at the end of any chapter. . . . *Industry groaned under the weight of regulation, restriction and control.* There was a revolt against it, first by one party and then by the other, as it suited them, or as the nature of the industry demanded. It almost looked at one period as if the whole trade of the country would be crushed beneath the load of legislation; and it would have been, had not other countries been simply stupid as regards the same kind of legislation, or at least such legislation as compassed nearly the same ends."

Regarding the present agitation to return to this policy, Mr. Howell says:

> "*If a cure for this frenzy be possible,* probably the best cure will be a careful perusal of the legislation prior to the commencement of the present century, and a careful study of its effect. It nearly killed our early trade, and *nearly starved our people.* It needs no prophet to foretell that the same result would follow if such laws were re-enacted."

Careful study of this part of English economic history will convince any fair-minded man that state intervention in the mysterious region of wages and wage-fixing has never brought other than temporary relief, and that the eventual distress resulting from such entanglements has been terrible in the extreme.

THE REAPPEARANCE OF THE TENDENCY IN OUR TIMES

The present renewal of this agitation began in 1894 in New Zealand, and was originally designed to settle labor troubles by compelling arbitration. Victoria in Australia started its experiments in 1896. The remaining states of Australia followed the Victorian or New Zealand example between 1900 and 1908. Should Massachusetts put into effect the Victorian system, we would require nearly four hundred (400) wage boards. There were seven hundred and thirty-seven (737) separate and distinct wage boards in Australia early in 1914.

1. AUSTRALIA AND NEW ZEALAND

Concerning the Australian and New Zealand experiment, we in Massachusetts should especially note that these are pastoral and agricultural communities. The entire population of Australia is about that of Ohio and is spread over an area greater than the United States. There is no state or section of the Commonwealth of Australia which is comparable in any particular to Massachusetts, or which presents our special industrial problems. As bearing upon the tendency of Minimum Wage Laws in Australia to foment rather than to quell labor difficulties, it is worthy of note that in New South Wales in a total population of 1,646,734 there were *one hundred and thirty-four labor disputes in 1913*, involving over forty thousand workers with days lost totaling 447,979, and wages lost much over $1,000,000.* The net results in Australia and New Zealand, fairly analyzed, are as follows:

> "The Maximum Wage established has tended to become the maximum, thus tending to equalize wages to the detriment of the more efficient workers. Further, it has driven out of employment a great many of those who were unable to earn the new wage, or it has closed down the industry if the latter happened to be one of those which depended upon low-priced labor to compete with other countries in the same lines. The Minimum Wage has become a sort of standard wage — much above the minimum suggested by American boards. The wage scales set for the workers in unskilled trades are sometimes far above those set for the skilled trades. Common dock-laborers, for instance, through the application of the system, have been able to get a much higher amount than some classes of skilled mechanics. *The more skilled workers of each trade are rarely paid higher than the minimum*, for two reasons, the unearned increment of the less efficient must be taken from the earnings of the more highly skilled if the business can continue, *and the manufacturers have learned that the payment of rates higher than the minimum tends to bring the minimum up to much higher rates at the next award.* For no sooner has one award (*i.e.*, the fixing of a schedule) been made than the workers put in a new applica-

*See the "Commonwealth Statistician."

tion, or strike, as they feel that the new awards will always be greater than the old, or at least that they have nothing to lose by striking. The net result is constant turmoil and litigation, the newspapers devoting more space to labor troubles than to anything else."

2. IN ENGLAND

The Trades Board Act in *England*, adopted Jan. 1, 1910, was with the stated object of doing away with "sweating." It is well known that the minimum established under the new English law has been very low; for instance, in the chain-making industry 5c an hour, in the lace-making industry 5½c an hour, and in the paper-box industry 6c an hour. It is claimed that in the four years application of the Act, up to the time of the war, 1914, a large percentage of unemployment was created, and no figures appear to be available to show that this last experiment has been a success so far as England is concerned. Mr. Ernest Aves, the British expert who was sent to Australasia by his government prior to 1910 to investigate Minimum Wage, reports as follows:

> "The evidence does not seem to justify the conclusion that it would be advantageous to make the recommendations of any special boards that may be constituted in this country legally binding, or that if this power were granted it could, with regard to wages, be effectively exercised."

He further says, speaking of the number of workers affected in the Australian experiment:

> "That it is as though the whole machinery of propaganda and of the government were concentrated on a city smaller than Birmingham."

and also makes the *important* statement that:

> "Under the Minimum Wage Law men find great difficulty in retaining situations when they pass middle age, and it becomes harder for the slow and inefficient workers to get a job, as the employers will not pay them the legal wage."*

Finally, the *Electrical Reveiw* of London for 1914 states the English case as follows:

> "The legislative Minimum Wage 'has proved to be a most demoralizing and dangerous experiment in legislation. It is demoralizing because it has made the poor workman into a pauper, and as such he is losing the little self-respect he had when he knew his livelihood depended somewhat upon his own efforts; it has made the good workman careless and discontented.' "

*This same unfortunate result is already indicated in Massachusetts in the only two industries that the Minimum Wage Commission has been able to involve in its decrees, notably the brush manufacturers and retail stores. Unemployment and the rejection of the slow and inefficient workers have followed fast upon the application of the law here, as is shown in Appendix A.

United States and England Not Parallel Cases

Notwithstanding the dubious results of the English law, and even assuming that a measure of success may later develop in that country, it plainly appears that competitive conditions in Great Britain are absolutely diverse to those in this country. The mandates of Parliament prevail and are effective in every part of the British domain, but the Acts of the General Court of Massachusetts are limited strictly by our state frontiers; while the moment these frontiers are crossed into a competing state by our business men, in their necessary search for a market, another sovereignty and other laws are encountered. If these laws happen to be less exacting upon industry than our own, the cost of manufacture is at once affected, and to that degree competition is stifled and industry must wane, so far as Massachusetts is concerned. The sadness of the situation is shown in Appendix B, a statement of a leading brush factory, the facts and figures of which have not and cannot be upset by mere innuendo or the *argumenta ad hominem* of economic Don Quixotes who differ from that ancient adventurer only in that he risked his own steed and trappings while they advance their fortunes by experimenting with the goods of others.

The normal output of manufactured goods in the United States is equal to that of any two countries in the world, and let us realize plainly that *Massachusetts is the only industrial state* in this country to experiment with Minimum Wage by statute. In certain agricultural states and nations where the problem of the cost of living is not so pressing, the statutory Minimum Wage may find a temporary success, not because it is correct in principle, but because the evil results which inevitably attend it are reduced to the lowest point. But even this assumption would seem to be rebutted by the industrial unrest in such pastoral states as New South Wales, as is shown by the figures given above.

3. UNITED STATES

The United States is now experiencing its first taste of Minimum Wage Legislation. The wave from Australia and New Zealand has seemed to affect our country more directly than has the earlier influence which reached as far as England from Australasia in 1910. As noted above, the Australasian experiment pre-dated that of England, so fas as this modern revival is concerned. One of the leading agents or sponsors of the experiment in this country, judging by statements made by it in various reports, is the National Consumers' League. This organization appears to have taken an active hand in the drafting of bills and in the subsequent agitation which followed in several legislatures and states of the country. At present there are nine states which have adopted this kind of a statute. Several

others are in various stages of consideration of the wisdom of making a similar enactment, but just at the present time the wave of confidence and interest in the legal Minimum Wage appears to be receding almost as fast as it came in. Those states which have adopted the law are in chronological order as follows:

Massachusetts	June 4, 1912	in effect July 1, 1913
Oregon	Feb. 17, 1913	in effect June 13, 1913
Utah	Mar. 18, 1913	in effect Mar. 18, 1913
Washington	Mar. 24, 1913	in effect June 13, 1913
Nebraska	Apr. 21, 1913	in effect July 17, 1913
Minnesota	Apr. 26, 1913	in effect June 26, 1913
Colorado	May 14, 1913	in effect May 14, 1913
California	May 24, 1913	in effect Aug. 10, 1913
Wisconsin	July 31, 1913	in effect Aug. 13, 1913

In four of these states no wage determinations had been made, up to April 1915, the date of the issuance of Bulletin No. 167, United States Bureau of Labor Statistics. In Minnesota a wage order issued in October, 1914, has been suspended by injunction. In another state, Colorado, the Legislature has lost confidence in the law to the extent that at the last session it failed to make any appropriation whatever for the Commission. In Massachusetts only two decrees are in effect in the three years since the Commission begun its activities, but in those two industries, enough havoc has been wrought to indicate sufficiently what the larger industries may expect when reached.

The most ardent proponents of this kind of legislation admit it is an experiment. *We emphatically maintain that as an experiment, wherever it has been tried in this country, it is languishing, and that the experiment in this state has been given ample time to develop at least some favorable aspects.* Massachusetts being the first industrial state to venture into this realm has felt its heavy hand the most, and looks forward to any further experimentation with ill-concealed dread. Nothing but growing irritation, unemployment with its consequent hardships to needy girls, substantial loss of interstate business, and the reduction of pay rolls have appeared in the nearly three years since the law went into effect.

Fundamental Considerations

CHAPTER II

REAL REASONS FOR HISTORICAL AND PRESENT FAILURE OF THESE EXPERIMENTS

Clearly there must be an undeviating principle underlying the constant reappearance from age to age, even up to to-day, of this economic maladjustment simultaneous with the adoption of wage-regulating legislation. It is well known here that one or two of the large Massachusetts industries approached the problem of Minimum Wage in 1914 in the friendliest way, and had considerable faith and hope that the law might work well for all concerned. They were willing to give it a fair trial, but they found in dealing with the Commission and with its *agents and subordinates, many of whom found places on various wage boards,* an attitude tempered with prejudice, constant evasion and lack of frankness.* In the face of such an *hysterical, crusading element, armed with the power of the state,* these manufacturers naturally lost both interest and confidence in the experiment. They have since concluded that these faults of administration, although reprehensible, are not solely responsible for the conditions, but rather that these are due to the *inherent disabilities underlying the whole law,* and the theory upon which it is founded. These inherent disabilities are closely allied to the economic factor of the problem, and best explain the historical failure of the experiment. We now present a few of these disabilities for the reader's consideration.

1. Employers but One of the Classes Charged with Duty to the Community

One of the most fundamental objections to the legislative Minimum Wage is the *false assumption by its advocates that the limited class* of persons *who happen to be employers of labor at the time should be forced by state-edict to bear the entire burden of enabling the wage-earning community to live according to the standards set by the cost of normal and healthful living. Every one of us wants to see this standard set and established for all, but it must be done in a sound way. The problem of livelihood and health is not an industrial but a community problem,* and must be met by the community and *not by class-legislation which singles out a particular group, (the employing class),* of the community to bear the brunt of the burden. The *practical*

*On this point in Appendix E is the statement of Mr. Geo. E. Close, himself an independent confectioner in Cambridge; also a statement of some of the methods employed by the Minimum Wage Commission in making up its wage boards, furnished by a member of the present Corset Wage Board.

effect of the Minimum Wage law is to place upon the shoulders of the employer the entire burden of redeeming society, in the economic sense. It seeks to compel them, (the employers), exclusively to remedy and solve the self-evident economic injustices and inequalities which we all know exist in our present-day system — forgetting that the employing class is but one organ of the organism of society.

The same limited viewpoint is observed on nearly all current social welfare legislation, whether it be the Minimum Wage, old age pensions, health and invalidism insurance, or the like; the employer is the one selected by the bill-framers to pay anywhere from fifty to one hundred per cent of the entire cost. It is, however, self-evident that the wealth of society is by no means exclusively or preponderantly possessed or controlled by those who happen to be employers of labor. No just person can deny that the problem of health (largely an hereditary one), of old age pensions and invalidism (clearly *community* and *not class* problems), should be met by *society as a whole*, according to the ability (and therefore the duty) of *all* possessors of wealth, whether they be farmers, coupon-clippers, bankers and brokers, or mere employers. The whole organism must participate; otherwise clear injustice is wrought. Each organ contributes to the health of the human body; each function and class of society must bear its share of the burden in maintaining the health of the body-politic. This is not a levelling, socialistic process, for each organ continues to be that particular organ, just as in the body of man.

There will still be the captain of industry, the creative business man, the executive, and all the various grades of capacity represented — all are workers. That is, the inherent rights of private initiative, the incentive to succeed, the varying capacities underlying these elements must be left undisturbed, for they are rooted in the creative fabric of society itself, and if destroyed, which is unthinkable, because impossible, would withdraw from society its indispensable supports. Nevertheless, although these economic pillars may not be destroyed, they can be temporarily weakened by unskilful experimentation.

The point, then, is this: the present theory of remedying economic inequalities by Minimum Wage legislation failing, as it does, to meet the real issues, is just such a weakening influence upon the business fabric. Its destructive effects will continue and increase, pulling down with them the welfare of worker and employer alike, so long as this unreasoned process is tolerated by the sound thinkers of representative labor and capital. If, therefore, the analogy between human society and the human body is correct, then it is manifestly unjust, indeed impossible, to demand from one organ or function of our economic life, (the employer of labor, for instance), a responsibility and a contribution which *all* the functions jointly are designed to furnish.

2. Traveling in a Circle

Another one of the inherent disabilities is that this legislation *gets us nowhere, because its results are circular and therefore vicious.* The admitted basis of Minimum Wage decrees in various industries is "the necessary cost of living" and the "maintenance of the worker in health." The cost of living in its turn is of course fixed by the cost of necessities. The cost of necessities is determined by the cost of production. In the case of industries *not subject to interstate competition,* the increased wages of large groups of employees being an element in the cost of production are sooner or later thrown back upon the community, through the consumer, in the form of an increased cost of necessities. *In the case of industries competing in the interstate sense,* this result is not so immediate, but sooner or later through the tendency to co-ordinate legislation throughout the country, or the endeavor, in self-defence, to monopolize the industry itself into fewer and fewer units, and through a consequent control of prices, or through various indirect means of raising prices,— the same result inevitably follows. The certain end of either of these paths is that the cost of living immediately jumps. A new standard is thus established, the workers naturally at once begin a new agitation for an increased Minimum Wage, and the same dreary circle is rounded out again until the wheel has made another complete revolution and yet another increase is due.

Who profits by this blind policy by which the will-o-the-wisp of health and reasonable comfort is ever snatched from the worker by a process in which she, through conditions which the *state permits to exist* and in which she has now become a direct factor through state invitation, becomes a mere pawn in a game whose end is a mirage? *Plainly, there is no benefit for any one, in any large sense commensurate with the sacrifice and constant business irritation* imposed by these continual performances of factory investigations and court proceedings directed against employers. For the privilege of examining the ledgers and pay rolls, and regulating the internal affairs of private business, the state pays dearly.

We have disclosed a blind tendency to overlook the clear-cut distinction between public monopolies and public service corporations on the one hand, and purely private enterprise on the other. For the principle embodied in *state regulation of the internal affairs of private business represents the most socialistic advance any sovereign* state has yet made, and if these matters can be regulated in this way, the few remaining steps to wipe out private initiative and individual economic leadership are easily taken, and the socialistic commonwealth is achieved. The *great majority of the voters of this state plainly are not in favor of this ultimate result,* and did they understand the true nature of this kind of legislation it would speedily disappear from the statute books. Needless to say, this better understanding is

rapidly growing, and the sentiment of to-day in Massachusetts is quite different from that in the year 1912, when this legislation was put through.

If, on the other hand, we say that, in some industries, the increased cost of Minimum Wage is met by the wholesale discharge of workers with consequent unemployment, rather than by shifting the burden to the consumer, (and this is an actual fact), then we have only seized another horn of the dilemma. For this result is as deplorable, perhaps more so, than the other, since the evil is thus fixed upon those least able to bear it, and the state is not only well nigh made a partner with the iniquity, but becomes a direct factor in causing hardships far exceeding those existing even under the lowest sweat-shop wage; however abhorrent this may sound.

MINIMUM WAGE DECREES PRODUCE SERIOUS UNEMPLOYMENT

On this point of unemployment, the Minimum Wage Commission has, in the face of plain statements of fact made in its presence both officially and unofficially at various hearings, insisted that the effects of its Retail Store Decree, applicable Jan. 1, 1916, were remedial and beneficial, and that no substantial or even noticeable unemployment had resulted. The Commission absolutely fails to give any relevant figures in support of this bare assumption, but has issued a statement comparing the number of persons employed in the years 1914 and 1916 as tending to show that no unemployment has resulted. This statement, which the Commission must realize is at most an evasion and but half-truth, is the sole basis of its protestation of innocence in bringing about a most disgraceful situation in the field of unemployment. On this point, *please read carefully Appendix A,* containing actual facts and figures which effectively contrast the Commission's negligible defensive showing. This Appendix merits your very careful attention, for it goes to the heart of the problem. These figures alone, mainly of Boston conditions, will enable you to estimate what the *state-wide unemployment* in the retail industry alone must be. These facts *prove* that there is no escape from the conclusion that the continued administration of the present Minimum Wage Law in Massachusetts, even for a year longer, presents the utmost menace to the workers themselves.

A LIGHT SHINING IN DARKNESS

The attitude of students of economics has been, up to this time, strangely negative. Although the leading books in economics appear to be full of warnings and lucid explanations concerning the analysis which should be applied to theories of which the Minimum Wage is a type, economists generally have dealt with the subject at arm's length. A very important contribution to the literature of the subject has just been made,

however, by Prof. F. W. Taussig of Harvard University, in the *Quarterly Journal of Economics* (May, 1916). Professor Taussig, with characteristic courage, firmly meets the issues and the claims advanced by the legislative Minimum Wage advocates. His discussion of the so-called "parasitic industry," and of the real causes of low-paid female labor, is illuminating and most opportune.* Particularly is his argument effective as he shatters the pet theorem of the Minimum Wage advocates who have contended strenuously that the girl worker living at home is subject to the same "irreducible" weekly Minimum Wage as the independent worker. Professor Taussig, by a simple and unanswerable process of arithmetic, points out that on the "irreducible" basis of $8 as actual living cost per individual, in a family we will say of five, (parents and three earning children), the income would have to be $40 weekly; or with one working daughter, $24 weekly. But, he says, "any such figure is surely untenable, regarded as indicating what is absolutely needed for decent subsistence." He further says:

> "An income of $24 a week means for a working-class family not only ample subsistence but envied comfort ($1200 a year). To say that the girl who is a member of such a family must have $8 a week for bare subsistence is tantamount to saying that the family needs at least $24 a week; whereas this sum is obviously much above the most liberally calculated minimum.
>
> "An income of $15 a week has been set down in recent discussions as the sufficient minimum for the decent support of a family consisting of father, mother and three children under fourteen. An income of $600 a year, or $12 a week, is in fact as much as such a family can count on. But let the higher sum ($15) be taken for the purpose of the present simple reasoning. The family may be regarded as the equivalent of at least three adults — the three young children being counted as one adult. This means $5 per adult. How can it be said, then, that the irreducible minimum for any one adult is as much as $8?
>
> "Consider the situation from another point of view. Suppose that into the budget of a family whose head earns $12 or $15 a week, a girl brings an additional $6. In a working-class family the difference between $12 and $18 a week is great; it is the difference between having hardly any margin at all, and something like ease. It means that the family is well above the poverty line. Is the girl who brings in $6 a parasite? Is she a drag, or a prop? Or suppose that the young woman who has been bringing home $6 a week drops from the family — dies or marries. The specific expenses entailed by her presence ceases; her specific contribution to the family income also ceases. Is the family better off or worse? Neither parent would hesitate for a moment in answering that the family had lost, not gained. Can it be maintained that the young woman is a parasite?"

In Appendix "D" we have made a further analysis of Professor Taussig's reasoning which should be carefully studied.

*See Appendix D.

HOW LABOR REGARDS THE MINIMUM WAGE

At the hearings given by the Special Legislative Committee at the State House in February and March, 1916, there were some interesting statements made by certain labor leaders and advocates there present upon the status of the Minimum Wage Law. So far as appeared at the hearing, the labor leaders were much more concerned with the integrity of the Massachusetts Industrial Accident Board than anything else. *There is far from unanimity of belief among trades-unionists as to the merit or desirability of Minimum Wage Laws.* This point is set forth in much more detail in Appendix C, to which we invite your careful attention. It clearly indicates that *among the more serious-minded thinkers in the labor world the statutory Minimum Wage and its past history of disaster is feared rather than loved.* Its small temporary benefits to a limited number are far outweighed by the *danger to labor and to the highly paid skilled expression of labor* contained *in the legal precedents established by a state legislating* along these lines.

IF MINIMUM WAGE LEGISLATION IS TO PERSIST, THEN A FEDERAL LAW IS INDICATED, BUT ONLY AFTER CAREFUL STUDY

At the public hearings given by the Special Legislative Committee at the State House in February and March, 1916, relative to the repeal of the Minimum Wage Law, consolidation of Labor Boards, etc., an illuminating discussion arose concerning the serious difficulties of administering wage laws in the several states independently of a National or Federal law making uniform provisions for all states, which would eliminate that very troublesome factor, interstate competition. In the New York *Times* of February 20, 1916, it is stated that the Minimum Wage Committee of the National Civic Federation has been working for a year on the question of whether the Minimum Wage Law is a success; has inquired into the conditions in eleven states, *taking testimony of labor leaders, manufacturers and statisticians, and now recommends that there should be a Federal joint investigation which must be thorough,* and that *before standards can be set up for a fair day's pay, the country must know what a fair day's work is.* By this action the National Civic Federation indicates that, in its judgment, *Federal, rather than state, action* is the only way to reach this great issue. *If this be a true view, the first logical step should be to repeal the Minimum Wage Law in this state.* Whether we have a compulsory or a non-compulsory law, so long as the state attempts to work out this problem by itself, whether through fines or the sort of obnoxious boycott contemplated by the present law, our economic sickness will only increase, and irritation between the classes and especially against the administering body will approach nearer and nearer the boiling point.

IS ANY MEASURE OF MINIMUM WAGE LEGISLATION WISE?

There is a body of sentiment among some business men, made up of those employers who interpret more sensitively the viewpoint of the employee, especially the lot of the underpaid independent worker not living at home, and secondly, among certain real students of sociology whose thinking touches a deeper level than that of the ordinary reformer, — who agree that the present Minimum Wage Laws are ill adapted to remedy our economic necessities, but who are loath to discharge the state wholly from what they believe to be its paternal and supervisory duties of investigating conditions and educating the business world to a new conception of the *interdependence* of worker and employer. These men believe that all attempts, directly or indirectly, by the state to decree wages or to impose such decrees, should cease, and that all laws now in effect which seek to treat our economic sickness in this way should be repealed or radically amended. Nevertheless, they would preserve or substitute a form of law which would continue the investigatory powers of state Commissions, also introducing some phases that would admit of action calculated to bring opposing interests together, to refine and render more sensitive the conscience of the employing interests, and probably to reconcile and conciliate wherever possible. Whether such a law would be practicable cannot at the moment be determined. Our own problem in this country is so heightened by the existence of forty-eight separate sovereignties and the lack of uniformity in laws, that employers will respond but slowly to such an educational process, even though worthy in itself, until the Federal question is taken care of. Nevertheless, the viewpoint of these thinkers is worthy of very painstaking thought, and any proposed action so offered should be very carefully considered by all interests.

CONSTITUTIONALITY

The constitutional question is a very serious one in all this legislation. The highest court of the United States has not yet given its decision on any Minimum Wage Law passed by any of the states. In practically every state where these laws have been passed, the constitutional question is pending, most of them in the state courts. There is still before the Supreme Court of the United States the long-standing case from Oregon of Frank C. Stettler *vs.* Edwin V. O'Hara, *et als.* We believe that this is the only case which has come to the Supreme Court after a state decision favorable to the constitutionality of the law. It is impossible to tell when a decision in this case will be handed down, owing to the various changes which are taking place in the personnel of the Supreme Court at present. The indications do not seem to point to any early decision.

In Massachusetts there are two pending cases involving the constitutionality of the Massachusetts Act which have not yet been passed upon by our state Supreme Court. These have grown out of the activities of the Minimum Wage Commission in the laundry and confectionery industries, already mentioned in another part of this work. It is probable that one or both of these cases will reach the United States Supreme Court in due course. A similar situation exists in several other of the nine states before mentioned. Speculation at the moment is idle as to how the court at Washington will decide the Oregon case, or how far its decision will apply to the specific laws in other states, including Massachusetts. It is not the province or purpose of this pamphlet to go into the legal arguments for or against the constitutionality of this Legislation; there are tribunals for the consideration of such questions. Our purpose is to point to the plain, common-sense reasons based upon the experience of humanity throughout all time, — why a legislative Minimum Wage can never become permanently beneficial to any class of the population.

CONCLUSION

We would not conclude without laying emphasis upon our certain belief that there is not a substantial manufacturer, or an old-fashioned small employer in the state *who would not gladly see ideal conditions of comfort and happiness among all classes of the Commonwealth.* We believe the average business man would *join in a just plan* by which these hoped-for circumstances could be brought about, but to do so all must throw overboard most of the ill-assorted material now at hand, and with open minds search for the true remedy. Nor do business men object, as is alleged by certain friends of the present law, purely on the ground of "money selfishness," involved under present decrees. *They do believe, however, that to encourage the present law or its tendencies is to sign a preliminary death warrant for many Massachusetts industries,* and to bring into direct conflict this near approach to state socialism on the one hand, with the inherent right of private initiative and the reward of enterprise on the other hand, which are part of the innate and inalienable human nature.

The greatest need of the moment (before any constructive steps can be taken) is best summed up in the following practical illustration:

In ancient times, surgeons and barbers who were consulted by the sick were wont to bleed the patient or apply powerful plasters to the disturbed part of the body. If they happened to find the right part to treat, beneficial results might follow, otherwise not. *The Minimum Wage Law proponents can be compared to these* ancient physicians; they have recognized a disease in the body politic (and to this extent they are absolutely correct); they have brought forth a leech or hot plaster, whichever you please, and have *applied it to the wrong part of the body.* The result is that the disease is

going merrily on; the plaster is setting up an increasing irritation, naturally, and is simply adding to the patient's woes without producing a single beneficial result. *We ask you to remove the plaster.*

ERNEST P. BENNETT,
By ALFRED E. LUNT, Esq., *Counsel.* GEORGE E. CLOSE,
WILLIAM P. CREAMER.
Executive Committee, Merchants and Manufacturers of Massachusetts.

BOSTON, August 8, 1916

NOTE: The reader should give special attention to the special information, etc., set forth in Appendices A, B, C, D, E and F.

APPENDIX A

UNEMPLOYMENT AND LOSS OF BUSINESS IN MASSACHUSETTS

The Massachusetts Minimum Wage Commission realizing, as we believe, that the question of *Unemployment* is one of the most vulnerable parts of the machinery they have so laboriously built, have tried to anticipate in various ways the disclosures in this respect which, Nemesis-like, follow fast upon the heels of any disturbance of the economic law. Fortunately for the Commission, only two out of its four decrees have been enforced, or are enforceable, to an extent sufficient to test the weakness of the law as concerns unemployment. In the laundry and confectionery industries the decrees are wholly ineffective because, in the first instance, the laundry men have asked the Massachusetts Supreme Court to pass upon their constitutional rights, while in the confectionery industry no valid decree has yet been rendered, owing to past irregularities in the procedure of the Commission, and certain matters growing out of this are now before the Superior Court of Massachusetts through a Bill in Equity filed by the confectioners.

I. Effect upon the Brush Industry

The only two industries where the law is at all effective are the brush and retail store trades. Appendix B, which is a statement of the Whiting-Adams Company, a brush concern established over a century in this state, best sets forth the facts concerning the unemployment resulting from the introduction of a Minimum Wage Decree into this typical brush factory. These figures rendered by a registered public accountant show a decrease of one hundred and ninety-five women and minors employed in this factory between the dates of Sept. 18, 1913 (which was prior to the adoption of the decree), and Sept. 16, 1915 (which was about thirteen months after the going into effect of the Minimum Wage Decree in the brush industry). This tremendous decrease (over forty-eight per cent) in the number of female and minor workers is a hard nut for the Minimum Wage Commission to crack. The stubborn fact is that because of the Minimum Wage Decree this factory was obliged to discharge one hundred and ninety-five women and girls, while the decrease in workers caused a loss in the weekly pay roll of $853.76. This weekly loss figured in annual terms would mean $44,395.52 in this one factory. This is for women and minors alone. There was a further loss in this factory owing to the discharge of men workers occasioned by the Minimum Wage Law, of $384 weekly, which, added to the former figure, makes a total loss of $64,363.52

annually. The wage earning community, and all classes of our business life, is therefore seen to have suffered, on this basis, in the eighteen months up to March 1, 1915, a loss of $96,545.28 which would otherwise have been in circulation and added correspondingly to our economic strength.* Can the Minimum Wage Commission produce any figures to show *as a result of all their activities* that they have been able to increase wages to any class of workers to an amount sufficient to offset this substantial decrease *caused by the partial incapacitation of one factory alone?* Careful analysis of their various bulletins fails to disclose such a possibility.

It should be noted that the period immediately following the acceptance of the decree in the brush industry was practically simultaneous with the beginning of the European war. It is well known that numerous opportunities to bid on very large orders for brushes for foreign use have been offered Massachusetts concerns since the war begun. Appendix A adequately sets forth the deplorable inability of Massachusetts brush factories to compete in any way for this extraordinary new business because of the operation of the Minimum Wage Law. We have on file correspondence from a large London broker, addressed to a large brush factory in Massachusetts, desiring figures on two million shaving brushes for one of the allied armies; also similar requests from the J. P. Morgan Co., acting for the British Government, asking for specified prices for a large number of horse and harness brushes. In neither of these instances was it possible for the Massachusetts factories to compete, owing to the Minimum Wage Law. This correspondence is typical of a number of similar situations which have come under our personal attention during the past six months. It is therefore seen that not only in the *Unemployment* resulting from a decrease in normal business is the Massachusetts Minimum Wage Law working havoc, but that a very large loss in what should have been an actual business increase, with consequently mounting pay rolls, has followed directly upon this legislation and as a result of it.

It cannot be successfully argued that the experience of one factory is unique, and that other factories have not felt the ill effects of the law. In fact, this loss of business in a given factory corresponds pretty closely to its normal volume of business. The Massachusetts Commission has therefore endeavored to foster the opinion that the large factory mentioned was the only factory discontented with the decree, and that the remaining brush factories of the state were well pleased, as it were, as a result of this decree and were contented to abide by it indefinitely; and, moreover, that under the beneficent influence of the law these other factories had actually prospered to the extent of adding to their volume of business. As complete refutation of this claim on the part of the Commission, let us say that we

*The President of this company has recently sent us a statement to the effect that his company has paid for wages, since the introduction of the Brush Decree, to date, nearly $200,000 less than would otherwise have been the case had no decree been forced upon them.

have recently filed with the Commission a petition signed by a substantial number of the leading brush manufacturers of the state, asking for the immediate quashing of the decree in the brush industry, for reasons set forth in the petition. This petition was signed, after due deliberation, by each factory owner and represents the voluntary action of each employer. The signers are as follows:

Whiting-Adams Company, Samuel E. Jordan Brush Company, A. & E. Burton Co., Frank H. Hardy, United Brush Company, C. F. W. Ramus, Florence Manufacturing Company.

After this, the Commission can hardly insist upon its previous claims relative to the successful and peaceful operation of the law in the brush industry. A further indication of the attitude of the brush people of Massachusetts is outlined in these few extracts from letters received from brush manufacturers recently.

One manufacturer writes:

"I think that the law is an injustice to the brush making industry in Massachusetts. In regard to there being a larger volume of business since the law went into effect *I do not believe it*, but think it was caused by the very large increase of the cost of bristles caused by the war, as most of them came from Russia and China."

(This last statement is in answer to certain figures given by the Commission in its Bulletin No. 7 on the brush industry relative to an alleged increased volume of business since the Decree went into effect.)

Another large manufacturer writes:

"I think that the Minimum Wage Law will drive a lot of business from Massachusetts into Rhode Island."

Another Massachusetts manufacturer writes:

"A very bad effect can be shown to a considerable number of employees. By actual figures my business was thirty-three and a third per cent less in 1914 than 1913 for the two months compared in the Commission's Bulletin No. 7. My branch of the brush business has not improved since the decree went into effect, but has declined materially."

Another large manufacturer writes:

"We fail to see where the Minimum Wage Decree has benefited our business. Our business has not improved since the war, but has decreased. We do not handle any war orders. We attribute decrease in employment of men in the industry to both business depression and the laying off of women who cannot earn the Minimum Wage." (It is understood that the labor of certain men in this industry is necessary for the work of preparing bristles for the use of women workers.) "*There is no question but some brush manufacturers have lost a lot of business by not being able to compete with manufacturers in other states.* Therefore, it does not require as many men to prepare stock for the women workers. As regards the operation of a Minimum Wage Decree

in our factory, *we think it is a failure, and does not help either the workers it was expected to, or the employers. It has driven away business,* which was the means of employing women who could not do anything else, and at the same time gave the manufacturers a small profit."

Another substantial Massachusetts brush factory writes us:

"We have read Bulletin No. 7 and to our knowledge there has been no increase of establishments or capital invested, and the value of stock and materials used, and the value of products do not seem to have been materially influenced by the Minimum Wage Law. We have been obliged to discharge some who could not make the Minimum Wage. *Also, the increased cost of labor has forced us to discontinue the manufacture of some lines of brushes and to buy them in states where there is no Minimum Wage Law.*"

These plain, hard-headed statements from substantial manufacturers tell their own story, when it is borne in mind that *in this little industry employing in normal times a total of only seven hundred women and two hundred minors in the whole state,* and numbering, of substantial concerns, *only from eight to a dozen factories,* substantially all of such concerns are out of sympathy with the law and the decree, as testified to above, and that the opinion of these concerns is overwhelming to the effect that the workers themselves have not profited by the law. When we add to this the definite figures of unemployment and loss presented in Appendix B, it can hardly be successfully argued by any one that the Minimum Wage Decree in the brush industry has worked anything but harm, or that the community is not many thousands of dollars poorer by reason of lessened pay rolls and the inability of the manufacturers to compete with the factories in other states. The effect of the facts stated so plainly by the manufacturers themselves is to flatly contradict the conclusions attempted to be established in the Commission's Bulletin No. 7, and to bring into serious question both the accuracy and the value of its figures.

Bulletin No. 7 was issued by the Minimum Wage Commission, and was an attempt on the part of the Commission to explain the effect of the decree on the brush industry. That part of the Bulletin which points out a definite increase in the number of women receiving the minimum scale named in the decree (15½c an hour, with a rate for learners and apprentices of 65% of this amount) of course follows from the fact of the acceptance of the decree by twelve brush manufacturers of the state handling by far the largest part of the brush business. If these figures stood alone, and these increases were not only neutralized, but heavily over-balanced by the greatly reduced business and the wholesale discharges of employees directly caused by the decree, this record would be an honorable one. As it is, however, it means absolutely nothing so far as the welfare of the employees is concerned, and rather spells disaster to the industry itself, as shown by the facts and figures set forth in Appendix B, and also by the following analysis of the remainder of Bulletin No. 7.

Notwithstanding that the Minimum Wage Commission, on page 10 of Bulletin No. 7, sets forth the fact above advanced by several brush manufacturers, that the supply of European bristles failed in consequence of the war, necessitating the purchase of bristles in the Orient or elsewhere at greatly advanced figures, and notwithstanding that this increase in bristles cost, which is well known to the whole trade, must necessarily increase greatly (1) the value of the stock and materials used by the manufacturers in producing brushes, and correspondingly increases (2) the value of the finished product; yet on page 11, its comments on pages 12 and 13, and in its conclusions on page 14, the Commission utterly fails to credit this fact, but seeks to leave the impression that the increases shown in the table on page 11 (comparing 1913 and 1914), (1) in value of stock and materials, and (2) value of finished product,—are a consequence of the beneficial effect of the Minimum Wage Law upon the brush industry.

Moreover, so far as the Commission's comparative figures of 1913 and 1914 have any value, having in mind that the decree only went into effect Aug. 15, 1914, the only encouragement which the Commission can possibly draw from these figures is completely nullified by the situation in the bristle market described. Two of the largest importers of bristles in the country have sent in their figures to a large Massachusetts manufacturer very recently. Therein it is most conclusively shown that the advance in the price of bristles of all grades jumped all the way from ten to forty per cent early in August, 1914, (just prior to the going into effect of the decree in this industry). These high prices continued for eleven months, when a slight decline was witnessed. On January 1, 1916, a new advance began in all grades, and the figures rose from ten to fifteen per cent more above the level already attained. These figures are market figures and cannot be questioned. Without going into the details of these reports, it is evident that this unprecedented rise in bristle values, showing an average advance of between 30 and 40 per cent, coupled with the fact that the bristle item in the manufacture of brushes forms a very large percentage of the entire cost of manufacture and of stock and materials, easily explains the Commission's financial table. Their figures show an increase in the value of stock and materials used from $2,059,146 in 1913, to $2,232,684 in 1914, and in the value of product from $3,740,615 in 1913, to $3,914,029 in 1914. The bristle situation amply accounts for every dollar of this increase, and more.

If, however, we assume that there is any margin left in these figures which the Commission may still cling to as evidence of its good services to the brush industry, after providing for the increase in bristles cost, that margin is absolutely wiped out by the figures given in the Commission's own estimates showing an increase of three establishments manufacturing brushes between 1913 and 1914. This increase in establishments is

accounted for by a large bristle importer, by the increased home market for brushes since the outbreak of the European war, which has necessitated the furnishing of an abnormal quantity of brushes for home use by the manufacturers of the United States, to take the place of the enormous quantity manufactured in Europe and exported to the United States prior to the war's outbreak. This has caused a greater demand and has doubtless encouraged the establishment of new plants. This also would account for the increase in Invested Capital shown on page 11 of Bulletin No. 7. But it should be carefully noted that whatever hopes these three new establishments may have built upon, the new demands of the home market have had to encounter the new wage conditions imposed by the Minimum Wage Decree in August, 1914, and it cannot be doubted that the experience of the large Massachusetts factory set forth in Appendix B, showing the discharge of forty-eight per cent of its women workers, and an average loss in weekly wages of $1,237.76 to its help even as late as Sept. 6, 1915 (over a year after the war began, and also a year after the decree went into effect), discloses a hardship in which these new establishments must have shared.

It is seen, therefore, that in spite of the utmost favorable conditions for the brush industry, so far as international and home demand for brushes is concerned, since August, 1914, the industry in Massachusetts has been sadly crippled, bound hand and foot, unable to take advantage of the new and favorable conditions which were opening up for it, solely because of the introduction of a Minimum Wage Decree into its factories, which took absolutely no consideration of the severe competition under which the brush industry labors at all times.

Our conclusion is that Bulletin No. 7 of the Minimum Wage Commission is more valuable for the things it conceals, or only half states, than for the alleged favorable figures and conclusions it seeks to elucidate.

II. Effect Upon the Retail Stores

The sole criterion remaining to determine the effect of this law on *Unemployment* must be found in the application of the Retail Store Decree as of Jan. 1, 1916, that being the only other instance, except the brush industry, in which a decree has been either wholly or partially established. The Commission has strenuously and insistently denied that the application of its recommendations in the Retail Stores of Massachusetts has produced any substantial unemployment, and maintains, in the face of proved facts, that this can all be accounted for by the normal discharge of women and minors which invariably accompanies the close of the holiday season in or about January first of each year. In maintaining its position in this respect, the Commission has not only ignored figures which are known to every unprejudiced observer in Massachusetts retail circles, but has also refused

to concede plain statements of facts given in the presence of its members, officially and unofficially, from time to time since Jan. 1, 1916. In thus blindly adhering to its preconceived theories, the Commission has followed the characteristic attitude shown by it toward every bit of evidence tending to discredit its operations which has appeared in the past two or more years. The public, on the contrary, are hungry for the truth of the matter, and we know that we are appealing to an audience which knows facts when it sees them.

We submit, therefore, the following facts and figures, not only as sufficient answer to the Commission's assumptions, but as absolutely placing upon them the burden of proof to explain satisfactorily the existence of these figures, and we further urge that in the absence of such explanation the Commission's operations among the retail stores can be regarded only as a most sorrowful experiment. It will be readily seen that such facts and figures cannot be explained away; they are their own justification.

THE GENERAL SITUATION IN THE RETAIL WORLD

It is fair to say that any typical experience in any city or town can be safely applied by way of estimate to the cities and towns of the Commonwealth. That is, generally speaking, the factors tending to bring about discharges of employees by reason of a Minimum Wage Decree in a given industry in town "A" must be assumed to be actively at work in towns "B" and "C" and elsewhere, where like circumstances and conditions exist. The prime factors of cost of production, of operation, commodity and labor cost, expense of selling, etc., are *common to all Retail Stores wherever operated.* Necessarily, therefore, the introduction of a new factor, fundamentally affecting the selling cost, into the whole body of Massachusetts stores, must produce results directly similar throughout the state.

Exhibit 1

The owner or manager of one of the largest stores in Massachusetts, situated in Boston, personally stated to the writer a few weeks prior to the going into effect of the Minimum Wage Decree in his store that on one floor alone he should discharge fifty-five girls, solely because of the law itself.

Exhibit 2

We have on file the *names and addresses of seventy-five girls** who were discharged by reason of the Minimum Wage Decree from another large Boston store. These names and addresses are *certified to* by the superintendent of the employees in this store in a personal letter, and the list is absolutely genuine and unquestionable. The manager of the store states

*Since the figures of EXHIBIT 2 were made, we have received information from this store that the amount of necessary discharges it was obliged to make on account of the Minimum Wage Law has now reached 98. The increased ratio is doubtless a true one among other stores.

positively that *every one of these girls was discharged on account of the Minimum Wage Law.* As above hinted, it has been claimed and repeatedly affirmed by the Minimum Wage Commission that practically all the *Unemployment* alleged in this industry can be traced to the use of extra girls during the holiday season, who in or about January 1 of each year are automatically discharged, and that this fact accounts for the situation. The Commission, and its allies and apparent sponsors, certain officers and members of the Consumers' League, have been fond of stating publicly that if the Decree had been made operative in October rather than in January absolutely no question of *Unemployment* could have arisen. These *claims of the Commission,* which we will assume to be owing to its ignorance of the true situation, are *completely demolished* by this statement of fact: *that out of the seventy-five girls discharged from this store, between thirty-five and forty personally sought interviews with this Committee;* that each of these girls personally stated that she had been working in this particular store for *from one to six years* prior to the time of her discharge in Jan. 1, 1916, *as a permanent employee.* There was no exception to this statement of regular employment, and it is perfectly fair to assume that the remaining girls who were not personally interviewed were likewise enrolled in the regularly-employed class. Indeed, the authoritative statement of the superintendent of the store itself that *every one of these seventy-five girls were permanent employees and were discharged on account of the Minimum Wage Law* must be accepted by any fair-minded investigator. For instance: Miss O. A. worked in the store mentioned four years up to Oct. 12, 1915, and thereafter, until discharged in January, 1916. Miss F. C., if retained to May, 1916, would have been there four years. Miss M. C. three years, Miss M. G. over two years, Miss A. L. two years, Miss F. P. four years, Miss E. R. two years, Miss A. S. four years, Miss E. H. three years, Miss A. M. three years, Miss M. E. one and a half years, Miss H. K. three and a half years, Miss G. S. three and a half years, Miss K. M. three years, Miss F. M. three years, Miss C. G. three years, Miss A. O. three years, Miss A. G. six years, Miss E. G. six years, Miss R. G. six years,—and so on. These are selected at random from the list of girls and recorded from their personal statements. We respectfully suggest that the Minimum Wage Commission of Massachusetts weave into this tragedy their romance concerning the normal discharge of "extra holiday help."

Exhibit 3

A large Worcester store, prior to the decree's going into effect, made a full explanation to its employees of the Minimum Wage Law and the Retail Store Decree; the employees were then asked to vote by secret Australian ballot as to their desire regarding the acceptance or non-acceptance of the decree. By an overwhelming majority the employees

voted that the *owner should not accept the decree.* We offer this statement as tending to show that the workers themselves, fearing unemployment and a levelling of wages, do not favor the law as at present worked out, and that the demand for its enactment did not proceed from them. As indicated in the Appendix on Trades-Unionism, the higher priced workers invariably fear the application of the principle to industry will imperil the maximum standard of wages, while many of the lower paid help are realizing the probability of their being estimated as of the inefficient with consequent discharge.

Exhibit 4

The following is an extract from a letter and is self-explanatory. It was sent us in February, 1916, by another large Boston department store:

> "We have severed connection with about *fifty employees* since the Minimum Wage went into effect. You are correct in assuming that *the reason* for our severing connection with the fifty employees mentioned *was the Minimum Wage Law itself.* We, this past year, as well as in previous years of course, reduced a lot of "extra holiday help" that were hired just for that purpose and they were let out on Christmas Eve. *These had nothing to do with the ones we speak of who were let go about January 1.* Trusting we have made matters plain to you, we remain
>
> "Respectfully yours,"

The above letter is extremely interesting, as it definitely states that the fifty girls discharged by this store were wholly independent of any extra holiday group.

Exhibit 5

There is another very sad side to all this. In conversation with the manager of another very large and high-class department store of Boston, our representative was informed that in the summer of 1915 during, or about the time of the deliberations of the Retail Store Wage Board and prior to the putting into effect of the Decree by the Commission, the owner of the store went to the Commission's office and took up with them the following situation, to wit: That for a number of years he had been in the habit of hiring girls recommended by various clergymen and charitable organizations, etc., in Boston; girls who were not trained or specially efficient, but whom he employed at the solicitation of the interests mentioned, the argument being that if he would only take these girls and pay them a reasonable wage it would clearly alleviate their situation and in many cases would keep them off the street. His habit, therefore, had been to pay such girls at the beginning $4 a week and advance them as conditions warranted and their efficiency indicated, until they were receiving the standard wage of the store, wherever possible. This store owner told the

Commission that in the event of the decree going into effect in his store he must abandon this custom, and asked the Commission what he should do. *The Commission*, unofficially of course, but directly, *advised him that he would have to discharge* such girls as were not capable of earning the new wage, and *that the State would have to take care of them.* In other words, the Commission recognized the fact at that time that this unemployment was inevitable and gave the same reply as was instanced by the British Reformer, Mr. Sidney Webb, whose estimation is given in another part of this brief. *With this large class of girls, whose name is legion in the Retail Stores, it is therefore seen that the maxim "No wages instead of low wages" is applied.* We assert that this hard-hearted attitude assumed by the advocates of Minimum Wage Legislation toward the victims of their activities is grotesque, when contrasted with the original arguments of kindly solicitation for the workers, which first foisted this destructive legislation upon the Commonwealth.

Exhibit 6

Still another very large department store, finding that the new decree would add to its selling cost the sum of $26,000 yearly, and being unable to charge this up against its profit account, has proceeded in an ingenious way to so regulate its selling force as to save the $500 or more weekly which represents this excess cost. In a talk with the manager of this store we learn that among others they had *discharged sixty of their girls and hired sixty married women* who worked from eleven o'clock to four o'clock each day, and are paid weekly *substantially less* than is required by the Minimum Wage standard. This is of course a plain evasion of the hoped-for results of this law, but under the circumstances it is one of the obvious ways by which the destructive effects of this legislation will be eluded.

One unfortunate result of such a method is to throw out of employment these sixty unmarried girls, most of whom are largely dependent upon their earnings for their support, and to put in their place an equivalent number of married women whose husbands as a rule (so we are informed by this store manager) are earning good wages. Therefore, in these particular families, the family income is augmented out of all proportion to the need, while the unfortunate ones deprived of work are cut down to nothing. In this store, other economies, such as putting greater burdens upon individual workers and thereby lessening the number required, *brought about the discharge of many other girls*, in addition to those whose places were filled by married women.

OTHER HARDSHIPS UPON WORKERS

Wherever we have made inquiry in Boston and elsewhere, this same story is told. We have learned indirectly that in another large store, selling a relatively cheaper grade of goods, the method employed was this: It first

discharged many of its regular workers who under the decree would be entitled to the standard wage, and employed in their place *very young girls, the plan being to retain these only so long as they could be hired at the apprenticeship rate, then discharge them at the very time they became eligible to the Minimum Wage and fill their places again with other very young workers.* This process was planned to continue indefinitely. Its detrimental effect upon the workers and upon stable employment is obvious. In some other stores boys have been put on in the place of discharged girls. There is no Minimum Wage for boys. Nevertheless, these are the natural and inevitable attempts bound to be made by employers brought face to face with a revolutionary element in the conduct of their business. It is easy to see wherein lies the more culpability: (a) these owners of competing establishments, or (b) the projectors of this ill-balanced economic theory.

THE COMMISSION ATTEMPTS TO EXPLAIN

The only evidence offered by the Commission in support of its position is a recent Bulletin comparing the first week in February, 1914, with the first week of February, 1916, and apparently showing that the number of women employed in these weeks differed only by some thirty-three persons. It should be noted that the Commission *entirely evades the issue of just how many girls were discharged as a result of its decree in the state,* and does not even recite the meager figures given out by its secretary at a public meeting held in the winter, where she was reported to have said that she knew of at least twelve discharged girls who came to the Commission's office for relief. The real fact is that the Commission's Bulletin is as usual misleading and evasive, and the figures given, if accurate, can be accounted for very easily by the situation set forth in this Appendix, showing the methods employed by the various stores to fill the places of discharged girls. The substitution of married women and of very young workers alone would easily account for the Commission's figures. *But its figures, on the contrary, absolutely fail to account for the wholesale discharge* of which the above exhibits are accurate types, and which we must assume find exact counterparts in every part of the state wherever retail proprietors have for one reason or another put the Commission's recommendations into effect.

The net result, as shown by our figures, not contradicted by anything in the Commission's statement, is *Unemployment* on a wholesale scale which *can be directly and exclusively traced to the Commission's Retail Store Decree.* This *Unemployment* has hit the class of workers who are most needy and most deserving. It has already caused, to our certain knowledge, great hardships in many families; has blighted the hopes and ambitions of hundreds of girls who have been working faithfully in stores for years with the expectation of final advancement to the position of saleswoman, and, in place of it, all the Commission has to offer is its uncertain

statement that one thousand six hundred and eighty-two women have had their wages increased from 50c to $4.50 a week. It would be interesting to know what proportion of the one thousand six hundred and eighty-two persons were increased merely, or approximately, the 50c minimum. The facts here given establish well nigh conclusively that an overwhelming proportion of this number are in or near the 50c class. The Commission's own figures admit that two hundred and thirty-four women (in its twenty-eight selected stores) have been *hired since Jan. 1, 1916.* Whose places did these women fill? and from what classes did they come? We have sufficiently indicated the answer.

In the exploitation of child labor to the very limit permitted by law, with the sort of fluctuating employment changing every year which is most disastrous to ambition and the permanent economic safety of the very young girls so employed; and in the taking on of large numbers of married women who are as a rule not essential economic factors in their respective families, a lesson should be realized. It should be further noted that the Commission's figures are based upon but *twenty-eight firms* (out of forty-three thousand in the whole state), and these are strung out among six cities, an average of four or five to a community. The Commission has had the opportunity of selecting those stores most favorable in results to its theories, and on the whole we think their figures are of little value to any genuine investigation of *Unemployment* in Massachusetts.

DISCHARGED GIRLS BITTER AGAINST LAW

One point which should have been mentioned heretofore, we especially emphasize here, and that is that *every one of the girls discharged from Boston stores* who sought the Committee's office, without exception, denounced the Minimum Wage Law as the cause of her misfortune, and desired to do everything in her power to procure its repeal or modification, so that they might go back to their work under the former conditions. The doctrine of "*no wages rather than low wages,*" strangely enough, does not seem to appeal to these girls, especially when we bear in mind that a number of them, at the time they were discharged, were receiving weekly wages close to the minimum standard established by the Minimum Wage Commission.

ESTIMATED AGGREGATE UNEMPLOYMENT IN ENTIRE STATE

In conclusion we invite you employers, and you consumers, to estimate on any basis you deem fair the probable *Unemployment* throughout the state, based upon the unanswerable figures already given for the city of Boston among eight of its leading department stores. Our investigation indicates in the city of Boston the percentage of girls discharged in the large stores to be in the vicinity of 10.7 per cent. Applying this ratio to the female workers in the stores of the state gives the startling figure of three

thousand six hundred and twenty-two (3,622) discharged on account of the operations of this law in this one industry. The Federal census of 1910 discloses thirty-three thousand eight hundred and fifty-one (33,851) females employed in Massachusetts stores in all capacities; none of these classes appears to be exempt under the Minimum Wage Law. We have based these estimates upon these Government figures, predicating merely that the decree is in force in the retail stores of the state to the extent claimed for it by the Minimum Wage Commission. One thing is certain, and that is that these estimates *will be found to be accurate in an exact ratio to the extent to which the Commission's own claims are true.*

It is surely *an anomalous and unhappy situation when the amount of unemployment in a state increases according to the increase of the activities of a state Commission.*

MANY RETAILERS DECLINE TO FOLLOW COMMISSION'S RECOMMENDATIONS

Fortunately in several communities in Massachusetts, and among many of the smaller stores, a determined attitude has been disclosed by the owners not to put into effect the Minimum Wage Decree, but to go along on their own lines, as before, and ignore this non-compulsory law. The threat of black-listing in the newspapers means little to those proprietors who have the courage of their convictions and are prepared to state publicly, if black-listed, just why they are not following the decree. We believe the public would uphold any store, once it heard its side of the story. On this point we append herewith a statement issued by the Pittsfield Board of Trade to the Minimum Wage Commission, which affords interesting reading and illustrates an attitude which is gaining ground in Massachusetts.

APPENDIX B

MINIMUM WAGE LAW IN BRUSH MANUFACTURING

This statement is made by John L. Whiting-J. J. Adams Company, Boston, Mass., brush manufacturers for over one hundred and five years, having started making brushes in Medfield, Mass., prior to 1810.

This statement suggests many queries, for instance:

Should an industry be legislated out of business by an attempt to make it pay workers twenty-five to forty per cent more than is paid for the same work in other states?

Should willing workers, who from natural causes cannot earn $8.37 a week, be prevented from earning anything, thereby becoming objects of charity, or supported by friends?

Why should employers be taxed to support those who can earn little, instead of the state assuming the burden?

The Minimum Wage Law and Brush Manufacturing in Massachusetts

Beginning August 15, 1914, by a decree under the Massachusetts Minimum Wage Law, women and minor workers in the brush industry must receive for wages $8.37 a week after the first year. During the first year they must be paid sixty-five per cent of that amount. The brush industry is the only manufacturing industry subject to a decree under the law. All other manufacturers may pay all employees whatever wages natural conditions create.

The effect of this decree has been very injurious to the brush manufacturing industry in this state. It has thrown hundreds of workers, men and women, out of employment, and reduced amount paid for wages thousands of dollars. The manufacture of lowest-priced and many medium-priced brushes, which are the kinds most largely used, has stopped in this state, and they are now made elsewhere. We estimate that fully ninety per cent of the cheapest quality brushes used in Massachusetts are made elsewhere. An examination of the brushes on sale in the five-and-ten-cent stores, department and other stores, shows this to be a fact. The empty work benches in brush factories, and workers out of employment, are an emphatic protest against this law.

Every brush manufacturer in this state has suffered from the Minimum Wage Law. The condition in the industry is indicated by the experience of our company. The following amounts of wages paid women and minor workers in our factory are from our pay roll, which has been verified by a chartered accountant.

Wages paid women and minor workers for week ending:

September 18, 1913	Number of workers, 397	Paid $2,264.43
September 16, 1915	Number of workers, 202	Paid 1,410.67
Women and minors earnings decreased		$853.76
There was a decrease in the number of men workers who prepared bristles and do other work required by women workers which caused loss in wages of		384.00
Total loss of wages in one week		$1,237.76

The earnings for the other weeks in the two years named compare in same ratio.

The earnings stated are less than full-time wages. Women workers cannot be induced to work full time, but are away from the factory during the week for home work, amusement and other reasons from eight per cent to ten per cent of working hours. Very little time is lost from sickness. The work is easy and agreeable in brush manufactories and factory working conditions are excellent.

In 1913 normal conditions existed; in 1915 the Minimum Wage Law was in force.

If natural conditions had existed, there would have been an increase in sales of brushes and a greater number of workers employed during the past year and a half. The demand on this country for brushes required by the Army and Navy of Great Britain and France has been enormous, and the demand by the United States Army and Navy has been much greater than ever before, and largely of kinds made by women. Over $900,000 worth of brushes have been exported from the United States during the past year, four times as much as before the war. Not a dollar's worth of the large export army and navy orders manufactured in the United States for England and France has been manufactured in Massachusetts. This loss was due entirely to the Massachusetts Minimum Wage Law. Without that law a very large proportion would have been made in this state.

The brush industry is severely competitive, everywhere. To increase wages twenty-five per cent to forty per cent over what is paid in other states is just as destructive to an industry as a similar increase in cost of materials would be. The brush industry is now taking the consequences of such a condition. In all countries where brushes are made, the work is done very largely by women.

It is very unfortunate that the law was not applied to several manufacturing industries at the same time it was ordered for the brush industry. Applying it to a small industry has not informed the public of its evil consequences. Killing a small industry, like the brush industry, is not realized

by the people generally. If the law is to continue it should be, in our opinion, tried out in a manner to demonstrate it practically, by applying it to several of the larger manufacturing industries.

The principle of obliging manufacturers to pay $8.37 to workers of only $5 or $6 earning capacity has resulted in complete idleness for those who are prevented being paid what they can earn. We have not yet discovered a buyer who will pay us one cent more for a brush in order that we may pay women $8.37 a week.

Our only safe method under this law was to abandon the manufacture of lowest-priced brushes, employ fewer women, and sell machines for making this class of brushes. This we have done, reducing our output, and we have paid the past year for wages a greatly decreased amount.

This Commonwealth has lost a large amount of money from decreased wages in the brush industry by the Minimum Wage Law. What will be the consequences when this law is applied generally to manufacturing industries in Massachusetts? It would seem desirable to apply immediately the Minimum Wage Law to three or more of the larger manufacturing industries employing women in Massachusetts, and obtain practical knowledge of its effects, as soon as possible.

Respectfully submitted,

JOHN L. WHITING-J. J. ADAMS CO.,

LEW C. HILL, *President.*

BOSTON, January, 1916.

APPENDIX C

TRADES-UNIONISM AND THE MINIMUM WAGE

Trades-Unionists, in direct proportion to the thought or analysis which they give the Statutory Minimum Wage problem, vary all the way from enthusiastic support to severe condemnation of interference by the state with the question of wages. In the long run, the more thoughtful analysis, below set forth, is bound to come home to the minds of most labor leaders, so that we may safely forecast their final attitude on that basis. At present, Trades-Unionists are badly split on the question. Although the male unionist instinctively shrinks from legislative interference with his power to contract with reference to his wages, many of his leaders avow themselves as favoring statutory regulation of the wages of the other sex, usually arguing that women will not organize together, and that they have no other means of protection. The national leaders, on the other hand, and in some instances the state leaders, are strongly against such legislation. For instance, President Samuel Gompers of the American Federation of Labor, in an article recently published for the Federation, uses the following significant language:

> "The A. F. of L. is not in favor of fixing, by legal enactment, certain minimum wages. The attempts of the government to establish wages at which workmen may work, according to the teachings of history, will result in a long era of industrial slavery. There was a time in English history when the government and the courts in quarter sessions established wages. During periods when there was a dearth of workmen and employers offered higher wages, both the workmen and the employers were brought into court and punished by imprisonment and physical mutilation because the one asked, received or demanded, and the other was willing to offer, or did pay, higher wages.
>
> "There is now a current movement to increase wages by a proposal to determine a minimum wage by political authorities. It is a maxim in law that once a court is given jurisdiction over an individual, it has the power, the field and the authority to exercise that jurisdiction. 'I fear the Greeks even when they bear gifts.' An attempt to entrap the American workmen into a species of slavery, under guise of an offer of this character, is resented by the men and women of the American trades-union movement.
>
> "When the question of fixing, by legal enactment, minimum wages for women was before the Executive Council of the A. F. of L. for investigation and discussion, and subsequently before the convention of the A. F. of L., there was a great diversion of views. I am betraying no confidence when I say that. The official decision of the convention was that the subject was worthy of further discussion and

consideration. *In my judgment the proposal to establish by law a Minimum Wage for women, though well meant, is a curb upon the rights, the natural development, and the opportunity for development of the women employed in the industries of our country.*

"If the legislatures should once fix a Minimum Wage, it would have the opportunity to use the machinery of the state to enforce work at that rate, whether the workers desired to render services or not. I am very suspicious of the activities of the governmental agencies. I apprehend that once the state is allowed to fix a minimum rate, the state would also take the right to compel men or women to work at that rate. I have some apprehension that if the legislature were allowed to establish a maximum work-day it might also compel workmen to work up to the maximum allowed."

He has also said in a further statement (see *American Labor Legislation Review*, February, 1913):

"I fear an outcome that has not been discussed, and that is, that the same law may endeavor to force men to work for the Minimum Wage scale, and when government compels men to work for a Minimum Wage, that means slavery."

He further says (see *Forum*, May, 1913):

"I recognize the danger of such a proposition. The Minimum Wage would become the maximum, from which we should find it necessary to depart."

The point of view of the Trades-Unionists is well set forth in a recent article in the *Unpopular Review* for October-December, 1915, at page 397. The able author of that article, which we can only very briefly summarize, states that the result of minimum wage legislation in Australia, California, etc., is:

"That the unions having transferred their principal function, the decision of wage regulation to the state, are adjuncts, not free or competent organizations."

He further states that which our Massachusetts experience absolutely proves (see Foreword), that:

"When a demand is made for a wage inquiry for the purpose of an award in an unorganized industry, it does not come from the workers, that is not from their collective willing, but from those interested in the operation of the law as a measure for social improvement."

and he concludes from this that such a statute really "superimposes" an organization upon the workers and is really a makeshift organization, lacking "the collective will of the workers" themselves.

The author, on page 401, complains that the workers in Australia:

"Have developed the Australian habit of mind, which is *dependence on the state representatives* for regulating their affairs."

The author makes one naïve, but I think erroneous — so far as concerns Massachusetts — admission when he says, on page 402, that:

> "A wage board considers what capital can pay. That is not the business of a union."

The Massachusetts experience in Wage Board administration shows an appalling failure by Wage Board majorities to consider the ability of the industry to pay the increased scale determined and later decreed.

He further states:

> "The method of a union is to act in and out of season, as a driving force, and to bargain for conditions limited only by its strength, and never to agree to a sum or a condition except on the understanding that it is temporary."

He further develops his argument against the establishment of wages by state-edict on page 404, when he says (proving the true aristocracy of trades-unionists in their dealings with each other, trade against trade, skilled against unskilled):

> "When a wage board determines a minimum for the workers in one trade, based on the cost of living, it determines *minima* for the workers of the industries of the locality. If the cost of living approximates $8 a week for umbrella workers of New York City, so it does for the cigar makers, the glove workers and the milliners. Not only is it the cost for the unskilled, underpaid women, but it is the cost as well for the skilled.
>
> "*The reformers responsible for the rates fixed suffer no reactions; they have acted as individuals without personal interest involved.* But to the extent that the union movement endorses such findings, the bargaining position of organized labor is compromised."

Other illuminating points in his discussion are on page 405:

> "When a union in the course of bargaining agrees to a Minimum Wage, it is usually the maximum or near it paid in the trade. It is one of the purposes in making a trade union that it shall not agree to the actual minimum paid in the trade before it is organized."

On page 406 he says of industries where awards of minimum wages have been made. (This is of intense interest to the skilled worker as the one who must ultimately "pay the piper.")

> "It follows that increases in cost of production will be met at some other point than profits or prices. *The logical consequence of minimum wages is the reduction of maximum rates or the introduction of labor-saving devices.* It is important when considering the benefits which minimum wages will confer on workers to recognize that where capital meets increased costs by increasing the selling price, *the weight of the burden falls less on the consumer than on the workers;* for the simple reason that *increasing the selling price reduces the output and decreases employment.*"

In this last statement there is much food for thought for all concerned, although it ignores in its second proposition the unfortunate "capitalist," (a curious name for some employers), who, with a business lying in the field of interstate competition, is unable to avail himself of the gentle art of "increasing the selling price" to cover the new wage schedule. The above also strengthens the economic argument already set forth in our original statement that unemployment will be largely augmented by any continued application of this law. He further states, pages 406–407:

> "The oft repeated statement of trade-unionists that under wage boards the minimum will become the maximum is not theory or mere prediction, nor is it based on the experience of other countries with Minimum Wage Laws. *It is trade-union experience in the United States that any fixed union minimum in an organized trade becomes the maximum when the union loses its power*, or driving force. When a state fixes *minima*, it is understood that they are based on a defined sum, an estimated cost of subsistence. The state has no intention of acting as a continuous pressure upwards in the interest of labor. *Men who have had experience in arranging wage rates know that the maximum becomes the minimum, as pressure relaxes.*"

The business men of Massachusetts have contended all along that the real effect of the Minimum Wage Decree, for instance in the retail stores, would be to establish among other evils a method by which very young girls would be employed during the apprenticeship period at the rates fixed for that class of workers (which are considerably below the so-called Minimum Wage standard for experienced workers), and that these young workers would be retained only during the apprenticeship period and would then be discharged just as they were becoming eligible for the standard wage, new girls of the same immature age then being hired in their place. This we have referred to in Appendix A as veritably being done right in the city of Boston to-day, but the Trades-Unionist who writes the article above quoted confirms this as the experience of the state of Washington, when on page 407, he says:

> "It was probably in recognition of this fact that eight of the states out of the nine enacting Minimum Wage Laws inserted apprenticeship clauses, or made provision for temporary payments of rates below the minimum. As this clause prevented a decrease in rates for the higher grades of workers, that is, as it served its purpose and prevented the minimum becoming the maximum, I understand from Washington that the end of an apprenticeship brought the worker not the minimum awarded, but discharge. One of the promotors of the law and a commissioner told me that the workers pleaded with the administrators of the law not to report their eligibility as their probation period closed, because they preferred a low rate of wages to none at all. This is the joker in the law: Not low wages, but no wages."

We thus find that even in a state where the law is compulsory, these evasions of its avowed purpose are unescapable. You can estimate, therefore, what will be the result in Massachusetts under a non-compulsory law. The plain fact is that this vicious practice (into which some employers are forced) tends to exploit child labor right down to the age limit prescribed by law, and causes so constant a fluctuation among workers as to be anything but conducive to their permanent economic status, and their consequent peace of mind.

Although in Appendix A most of the real facts concerning Unemployment are set forth, we will refer in this place incidentally to the statement on page 408 of the article under consideration, where it is stated:

> "It is *frankly admitted by the social reformers* that *Unemployment* will be a direct result of state regulation of wages. It is indeed, we discover, a part of their plan. Mr. Sidney Webb, English reformer and state socialist, tells us that the government, as we follow in his lead, will take care of all those whom it will not pay capital to retain in their service."

Mr. Sidney Webb's assumption that the government will take care of all who cannot be employed at Minimum Wage rates reminds us of a statement made by the Massachusetts Commission to the owner of a great department store of Boston who asked the Commission what should he do with his semi-efficient help whom he had always kept on the pay roll, if the Minimum Wage Decree was entered? The Commission replied, unofficially of course, that he would have to discharge them and that the state would have to take care of them. We submit to the great body of Massachusetts business men, and to the public generally, whether this is either humane or sound economic doctrine, that the state through direct legislation should thus substantially increase the number of state dependents, in the absence of definite proof (up to now woefully lacking), of any benefit to any one, workers or others, commensurate with this sacrifice?

Our author, referring to the limitation in this country of the Minimum Wage to women and minors, sums up the reason for this on page 409, by saying:

> "There are trade-unionists who endorse state regulation for the working women. It is in line with a masculine disinclination to recognize women as permanent factors outside of the home; but their endorsement is due also to their desire to be rid of the responsibility of helping them to organize, organization being prerequisite to representation on wage boards."

This is the same reason given by some of the Massachusetts labor leaders at the February hearings, and is alluded to at the beginning of this Appendix. The difficulty is in reconciling this attitude with the basic

economic arguments previously stated against statutory Minimum Wage for any class or sex, so as to find in it any promise or hope for the working woman. The silent economic law, not being a human production, is no respecter of persons or of sex. It is a sort of Juggernaut, and we appeal from the dangerous theories of those who challenge and defy it through their blind insistence, to a plan for alleviation which shall receive the accord of just men and women of all classes, and at the same time find itself in the deep, safe current of the underlying reality of man's economic life.

A further contribution to the subject which should have much weight is that of the President of the United States, Woodrow Wilson (See "The Legal Minimum Wage," by James Boyle, Forum, May, 1913), when he said:

> "If a Minimum Wage were established by the law, the great majority of employers would take occasion to bring their wage scale as near as might be down to the level of the minimum; and it would be very awkward for the working-men to resist that process successfully, because it would be dangerous to strike against the authority of the federal government."

Helen Marot, a former secretary of the Women's Trade Union League of New York, writes in the American Labor Review for June, 1916, an article entitled "Trade Unions and Minimum Wage Boards." This article is really a report from the American Federationist, the official organ of the A. F. of L. Miss Marot's experience in labor circles and her natural sympathies with the trade-unionists' view-point entitle her conclusions to much consideration. Very briefly analyzing her article, we note her unwillingness to accept the distinction on sex lines, above referrred to, creating legislative protection for women wage-earners but witholding it from men, for the reason, as she gives it, "Why do not the great masses of underpaid, unskilled working men who show no greater appreciation of the advantages of labor organization than do women need this protection?" She accuses those union men who seek to make this sex distinction of lack of courage and of inconsistency.

The meat of her argument is thus expressed:

> "The confusion in the mind of the Minimum Wage agitator when he meets trade union opposition is due to his failure to appreciate the function or the method of labor unions."

She seems in full accord with many of the arguments made by the writer of the *Unpopular Review* article, and adds this illuminating thought:

> "No bargainer ever enters the field of bargaining with the announcement to all possible buyers what the lowest price is at which he will sell. But that is what the promoters of wages boards urge unions to do when they insist on their taking part in promoting wage minima in various trades, and fixed by the several states."

She also says:

> "The liberal wages board acts on the assumption that the cost of living can be satisfactorily approximated and that a wage rate can be fixed with the approximation as a basis." "It (a wage board) finds that it is quite impossible for a State Board (appointed under a minimum wage law) to translate the full cost of subsistence into a wage. A wages board, acting for the state, is not in a position as a union is, to consider the interest of the sweated workers alone, or the interests of Labor as a whole, apart from the interest of capital or the consumer. But that is the rather naïve rôle which the ardent promotors of Minimum Wages assign State Boards."

Unionists, she says, cannot close their eyes to the inevitable application of the findings of a wage board in a particular trade to other trades and workers.

The price which workers in other trades must pay for the participation of the union in the deliberations and findings of a wage board is too great. A Minimum Wage based upon an $8.00 cost of living in the embroidery trade creates a basis for imposing a minimum, no greater, upon cigarmakers, glove-makers, milliners, etc. Skilled and unskilled trades are thus tarred with the same stick. This is contrary not only to all unionists conceptions, but, we think, wholly unjust and abnormal. To the extent that the union movement endorses such findings, the bargaining position of Labor is compromised, says Miss Marot; thus labor's power is not by rating wages, "by subsistence computations," but by the collective power, (the driving force), of the union. For she says:

> "When a union in the course of bargaining agrees to a Minimum Wage, it is usually the maximum or near it that is paid in the trade. It is the business of trade unions, in fact, never to agree to an actual minimum which prevails in a trade."

State-made unions, (*i. e.*, those organized by a Minimum Wage Commission in its efforts to attain representatives from the workers in the industry under investigation),* are the *by-products* of wages boards. Such a state union, Miss Marot argues, is not the kind of union she believes in, nor the kind she advocates for securing benefits for the workers. Her reason is that:

> "When the state becomes responsible for labor unions, it follows that awards must be compulsory and that the question of failure over the observation of the awards will be referred to arbitration boards whose awards for the same reason will be compulsory. The whole union movement of the United States is opposed to compulsory arbitration of disputes of free unions with employers, but this is not so enslaving as compulsory awards of state-made or state-induced unions."

*See Appendix E.

She agrees with the writer of the *Unpopular Review* article that the minimum thus decreed will become the maximum in the trade. Miss Marot concludes with a bit of advice to the Minimum Wage agitators and theorists:

> "The most potent present force for the advancement of Labor is in the free union of workingmen and women; potent to effect rates in unorganized trades as well as organized."
>
> "Let the consumer who is promoting wages boards as a reformer stick to his last. As a consumer he knows the cost of living. Let him investigate the cost of living from all and every point of view and advertise that $8.00 (or whatever the sum that he decided upon) is a starvation wage. Let him prove to the employer that he is not getting a full return from his labor power, and that he must turn his attention to the stoking of his furnace. Let him force on the discouraged apathetic wage-earner a realization that he is starving if he is too far gone to realize it himself. Let him do all this. It is within his province, but it is the producer, the working man and the working woman who are qualified to pass on the cost of production, who are competent to value their labor and fix the price at which they are willing to sell, as sell they must."

We find in this well-reasoned article of Miss Marot's the same scepticism and lack of confidence in the present school of reformers who are seeking to remodel our economic life, which we ourselves feel. Her contribution to the problem is most helpful, and should have weight with those labor leaders thus far unattached to either side of the Legislative Minimum Wage controversy, and should give food for serious thought to that element of labor which she characterizes as lacking sufficient courage to be consistent in their unionism.

We make this contribution to the fast increasing stock of information on the trades-union situation and believe that it will assist to illumine that aspect of the problem.

APPENDIX D

COMMENTARY ON PROFESSOR TAUSSIG'S ARTICLE IN THE "QUARTERLY JOURNAL OF ECONOMICS," JUNE, 1916

It is in dealing with the homely facts and common-sense reasons for the present low average of wages paid women workers, which enthusiastic reformers are so apt to ignore, that Prof. Taussig's commentary is especially valuable. He points out that at least one-half of the women employed in this country are between the ages of sixteen and twenty-five, and that the proportion is even larger among those working in factories and shops. Because of their age and the natural circumstances surrounding them he terms these workers "industrial birds of passage." As he says: "One set enters the shops and factories and remains there a year or two, at most a few years. Its members marry, and are succeeded by a new set." He is dealing here with the *lowest paid group* of women workers, it must be remembered. He goes on to say that, from their youth and the temporary nature of their work, they are necessarily unskilled and inexperienced, and, if skilled or experienced, then only in such tasks as can be easily learned.

Citing C. E. Persons in an article on "Women's Work and Wages in the United States, February, 1915, in Vol. 29 of the *Quarterly Journal*, page 201," he asserts that a majority of these young women live at home, and are ordinarily members of a family group which makes common cause in domestic life. Twenty per cent (20%) of women workers at most are independent workers. Prof. Taussig agrees that the average wages of these young women are less than the amount fixed upon by most wage-boards as essential to meet the necessary cost of healthful living, and this brings him to the question of "parasitism," a charge which has been made against all industries paying less than the $8.00 to $9.00 standard set by most wage-boards.

Minimum Wage agitators unite in attacking any such industry, the usual argument being that such industries and such employers had better get out of business, inasmuch as the difference in the cost of living, over and above their wage standards, has to be made up by other fairer-minded and more just employers in other or similar trades. (It makes no difference to the average Minimum Wage advocate if, as a result, a whole industry be cast out, and some thousands of employees thrown out of employment. The slogan continues, "No wages rather than low wages." Rare indeed, if ever, is the instance to which these advocates can point, in which in the same industry in a single state competing on the lowest mar-

gins with mills and factories in other states, exists a successful employer paying a substantially higher wage to the same class of help than his competitors *in the same state.* The general run of wages in such industries is about the same. The riddle, then, is where is the parasite? And the answer is either the whole industry is parasitic, or the theory is false. That is, there is not a constant and appreciable proportion of bad employers in such an industry side by side with a like proportion of good employers. All are subject to the same exigencies of competition. We are here stating the general rule. There are exceptions to it, of course, to the shame of the bad employer. But the "parasitism" charge does not concern itself with such isolated exceptions. It is after bigger game. Whole industries must go down before it, if the crusading forces vanquish those of reason and experience. The real truth is that "parasitism" is too simple and ready an answer to a very complex problem. It is not "parasitism," but an economic reality, springing from the competitive, variable, and unfused elements of the modern business world.) — EDITOR.

Prof. Taussig sharply questions this frequently stated criticism of "parasitism." Without denying that there may be parasitic occupations, he raises the question of whether the low wages of factory and shop women are in this class. We have already pointed out on page 17 his well-thought-out criticism of the theory which insists that the irreducible weekly wage of the women workers living at home, (who are in the great majority), shall be the same as that of the independent workers. His argument, later developed on this point, linking this question with that of parasitism, results in effectively dismissing the "parasitic" charge, with reference, at least, to the great body of home-living workers, by showing the absurd basis upon which reformers have estimated the actual living cost. He lays bare the error in their argument by pointing out on page 419, of the *Quarterly Journal,* that their

> "calculation ignores the economy of family life. Three or five members of a family can subsist on an income which would not suffice if each were to lodge and feed separately. The family is the one permanently successful case of expense-reducing co-operation. The girl who earns $6.00 a week and brings home that sum as a contribution to the family earnings adds to the joint resources more than she adds to the joint expenses."

Having thus got rid of the blighting reproach of "parasitism" the author plunges into the real facts and applies to these this accepted economic theory (page 419): "The remuneration of persons in any labor-group depends directly upon the numbers in that group. It is greater if the numbers are small, less if they are large." Again, (page 420),—

"As the total supply (whether of commodities or labor-units) increases, the successive increments become less prized, the price at which they can be disposed of falls, and thus the price of each unit of the supply falls. The business world calls this the operation of 'the law of supply and demand,' or the determination of the price of a thing by what it is 'worth in the market.' And it is a part of the same doctrine, of course, that the marginal price is that at which the entire supply can be disposed of. Fix a higher price and all cannot be sold; some units of supply not salable at the higher price will be pressed on the market, and will cause the price to fall."

Here is the milk in the cocoanut: that if the wages of a certain class of workers is found to be low because, for instance, unskilled, the most likely explanation is that there is at the moment a surplus of these unskilled workers available for that particular work.

As Prof. Taussig points out, between the time of leaving school and of marriage, girls are most apt to seek employment in factories and shops; an employment for which they have had absolutely no training prior to their offering themselves for hire. This inexperience and their relatively large number bring into action the natural law just cited with the certain result of low wages. *Prima facie*, it is a simple economic situation, not "parasitism" or oppression. "Whether," as the Professor says, "it is unjust that their wages should be low raises quite a different question." (Applying to this situation the creation of an artificial wage scale by legislative enactment, what we really find is a process by which employers shall be coerced to pay a rate higher than the going market rate.)

The author now points out, (page 422), that the *main object* of these laws is "to bring up to the minimum *all* now employed at the lower rate"; but, he says, "at higher wages not so many can find employment."

(This is exactly the experience in the brush and retail store trades in Massachusetts which followed the establishment of decrees in these industries.) But the matter does not end here. The author calls attention to the fact that the raising of the wage-rate tends to *increase* the number seeking employment, although it actually *decreases* the number that can possibly be hired, for the reason just given. Under the circumstances, the increase of applications comes from those who are tempted to seek work in the market by the larger pay declared. The natural result is, therefore, a selection of the more desirable and efficient, and the discharge or rejection of the less desirable and inefficient with resulting unemployment. Thus, the avowed purpose of the Minimum Wage Law is summarily defeated, inasmuch as *all* do not share in the benefits, (we have elsewhere carefully pointed out that not only is this true, but that the proportion of those who suffer is even greater than those who benefit). In other words, this is another way of proving the truth of what the author asserts, *i. e.*, that

a large number of women workers are unskilled and inexperienced, and consequently unable to earn the increased rate.*

The author now comes to the consideration of whether the employer can afford to pay the relatively small increases thus far imposed. He says (page 423):

> "The employer is the buffer; it is through him that the impact of the industrial forces is transmitted to the rest of the economic mechanism; the first effect is that he absorbs the shocks. All of which is familiar enough. Yet we may be confident also — though this is less often insisted on — that any change, even a small one, if it be regularly repeated, has its influence on calculation and on outcome, and comes to have its effect on prices as well as on profits. In all discussion of this kind, we must distinguish between long-run and short-run consequences; and it need not be said that those which ensue in the long run are the more important. Now a sustained prescribed increase in the wages of any class of labor acts like a permanent excise, or a continued rise in the price of materials. These changes also do not immediately influence prices; they too are absorbed for a while by one or another of the chain of middlemen. Yet no one would pretend that all of them or any one of them can be disregarded because the employer will simply pocket the loss."

Prof. Taussig, having thus pointed out the certain effect on prices which even small increases must ultimately produce,† goes on to say that higher wages for the unskilled women is more or less likely to lead to their replacement by men, skilled or unskilled; not at once, but at some point in the line of the increases the existing equilibrium will be upset and rearrangements made in the combinations of the different kinds of labor.

One of the strongest arguments of the Minimum Wage theorists is that these increases in wages *will lead to greater efficiency* which will save all the increased cost, and that, because of this, employers "will mend their ways and improve their processes." But Mr. Taussig's respect for the average keenness and susceptibility to competition of most industrial managers leads him to doubt this optimistic prophecy. He says: "The proposition seems to me highly disputable." Whether such a process would be the usual and normal thing, although it might be an occasional happening, is doubted. Most of the advances in efficiency and increase production, he points out, have been rather because of "the bait of profit" than under the "threat of loss." We assume he has in mind the well-known fact that men are not so apt to accomplish brilliant things under

*When we find one axiom or theorem dovetailing into another perfectly, we know that a true demonstration is in process. Therefore, finding here as we do how faultlessly our theory of the error of the legislative Minimum Wage fits into the destructive practical results of the administration of the law, we, and you, the reader, can know that this arraignment of the present tendencies has the truth as its foundation.

†We cannot disregard the unofficial statement of a member of the Massachusetts Minimum Wage Commission that the $8.00 or $8.50 standard is only the beginning and that a $11.50 or $12.00 weekly wage could be reasonably forecasted for all classes of women workers.

the depression of a dark cloud or a threatening evil as under the stimulus and hope of a bright and alluring prospect.

As to the employees themselves becoming more efficient because of the higher wages, he feels that the real factor in this is the intelligence with which the worker responds to the uplifting influences; that is, "on the use of food and drink that are really nutritious, on education that is really helpful, on social conditions which in fact arouse alertness." These good effects *may* come from higher wages, but, "as a general proposition, it would probably be nearest the truth to say that higher wages are ordinarily not the cause of greater efficiency in industry, but its result." "The influence of better pay on efficiency is neither certain or calculable; still less is it immediate." A girl may earn several dollars more a week than formerly, but her use of the excess may be no wiser than before, and her efficiency, which is the problem we are considering, may remain stationary or even deteriorate. Intelligently used, however, in a building up of health, improved sanitation and consequent self respect, efficiency may improve. There are, however, a large number who, because of natural environment, are incapable of this intelligent response. This class is really the one whose social condition most appealed to the reformers. Sad it is that this class is evidently not only the least responsive to the uplifting influences, but pays the price, through unemployment, for what benefit accrues to others.

Prof. Taussig's treatment of the acknowledged weak bargaining power of this group of women workers, a group who are "young and timid and ignorant, a shifting class, easily browbeaten and bullied," goes on the ground that it must not be assumed that low wages in all such cases mean that the employer is taking an advantage of the employees' inability to bargain. If, by reason of competition, the profits of such an employer, or such an industry, are not above the usual competitive level, he cannot be said to be exploiting his workers unfairly. "He succumbs to the force of market conditions."

The author admits the complexity of this problem because of the difficulty in estimating the exact bargaining status of this class of workers, employed as they are in conjunction with all sorts of other workers, but he has not seen any body of evidence to show unusually high profits in the industries employing these women. He says, "There is little to suggest that the low wages have been caused merely by bullying." Consequently, he does not believe that this weak bargaining power is the chief one to bring about the low wages of women. On the contrary, he feels that the fundamental cause is in the *numbers* of those seeking employment, for the reasons already given. And these numbers are augmented "by the constant recruiting of the rank and file of unskilled workers by the inflowing army of immigrants." "The low wages of factory women are indissolubly associated with the problems of immigration." "The continued

immigration of vast numbers has kept the bottom wages group full and over-full." The immigrant population in a manufacturing and urban district sets the wage standards for the entire group,

> "and it is their daughters who constitute the great army of women workers competing for employment in factories and shops." "The economic theory of the case is simple: the only effective remedy for the low wages of a particular class of workers is a decline in the numbers offering themselves for the particular sort of employment."

The remainder of the article is mainly devoted to a consideration of the independent women workers who have not the chance of pooling their family interests. He believes that the wages of this class are usually above the average. But this class of workers is deserving of further attention. Unfortunately, a legally prescribed Minimum Wage will not necessarily help all these women. Some of them might be numbered among the discharged or rejected. Many of them are older than the home-living class and are further along the road of inefficiency becuase of physical weakness and increasing years than the former class. Prof. Taussig believes that relief for this class must be through some other means than the statutory Minimum Wage, and makes some very helpful suggestions along this line which should receive the sympathetic study of all. "The lot of the lone women is hard." Among no small number "it is pitiable," he says. "I can see no better opportunity for the sympathetic spirit than in well devised accommodations for this special class. Here is a problem deserving the attention and devotion of the social reformer."

His conclusion is a warning to go slow in the statutory regulation of women's wages; that the campaign now being carried on in the United States is vulnerable, because of its almost complete reliance upon the "parasitic" theory. In certain instances, he thinks that wages boards can be of assistance in striving to eliminate the wage depressing employers, and in bringing about the best terms which the social and industrial situation as a whole permits. "The considerations adduced in preceding pages do not point to the good old policy of *laissez faire.*" But as to establishing a wage according to an absolute minimum, he says: "We make pretences when we say or imply that there are rigid principles on which to rest such determinations." "The answer must be that the problem is difficult, and that no simple rule is at hand for solving it."

APPENDIX E

THE MINIMUM WAGE COMMISSION — A SEMI-JUDICIAL BODY, OR A CRUSADING AND DUAL ORGANIZATION

If, as most people believe, the Minimum Wage Commission is, or ought to be, a semi-judicial body, passing upon all questions coming before it in an impartial and unbiased manner, then clearly the following extracts from the "1915 Proceeding of the National Women's Trade Union League of America, at New York City, June 7 to 12, 1915," containing portions of the report of Miss Mabel Gillespie, then and now a member of the Massachusetts Minimum Wage Commission, as Secretary of the Women's Trade Union League of Boston, are at least interesting. Compare the exposition of "Trades-Unionism and Minimum Wage" in Appendix C. Secretary Gillespie in her New York report said:

"PROCEEDINGS," Page 106

"Three things we have endeavored to do:

1. "To urge organization in the industry in which a Wage Board is to be formed.

2. "To aid the workers in choosing their representatives and to advise them to *nominate at least two trade unionists* to represent them on each Board.

3. "To keep in touch with the workers who are finally chosen to sit on the Wage Board, and *to train them to act as a unit.*"

As a result of the League's activity trade-unionists have been nominated as workers' representatives on the four boards that have been formed, and *have secured appointment by the Commission.*

(Signed) "MABEL GILLESPIE, *Secretary.*"

It plainly appears that the Women's Trades Union League of Boston, of which Minimum Wage Commissioner Gillespie is, or then was, secretary advised workers in any industry in which a Minimum Wage is to be decreed to nominate at least two trade-unionists to represent them on each board. We submit that this is in direct contravention of the intent of the Minimum Wage Law, Sections 4 and 5, and the manner provided by it for the choosing of representatives of the workers on the wage boards.

In paragraph 3 of her report above quoted, the astounding fact is noted that the Women's Trades Union League proceeds to train its representatives chosen on wage boards to act "*as a unit.*" What right has any outside organization to attempt to influence duly elected representatives on wage boards to act in any other manner than appears from the evidence sub-

mitted to the Board? To "*act as a unit*" implies either coercion of the individual members so "trained," or, at the very least, the taking into consideration, in making his or her decision, of a pre-conceived attitude at the expense of the evidence itself — in other words, a pre-judged and predetermined decision.

Miss Gillespie concludes by triumphantly stating that trades-unionists have been placed upon four boards and "*have secured* appointment by the Commission,"—"as a result of the League's activity." This is to be expected since the secretary of the Women's Trades Union League and one-half of the present Minimum Wage Commission are one and the same person. Being uninitiated into these matters, we ask, why should the Commission appoint any members of wage boards through any influence exerted from without, not provided for by the Statute? Were this testimony not given by a member of the Commission we should dismiss it as an unthinkable rumor.

Letter of President New England Confectioners' Club to Legislative Committee

NEW ENGLAND CONFECTIONERS' CLUB
BOSTON, February 25, 1916.

HON. MARTIN HAYS, *Chairman*
Joint Special Committee on Commission,
State House, Boston, Mass.

Dear Sir:

I am taking the liberty of addressing you in regard to House Bill No. 1161, Repeal of Minimum Wage.

1. As the law now stands, wage boards are composed of members of the Commission's own choosing, and these boards are not representative of the industry under investigation. To explain: The representatives of the public are appointed by the Commission with little regard to their experience, qualifications or disinterested character. The manufacturers or employers have no voice or suggestion in these appointments. These public representatives on wage boards hold the balance of power on all decisions. Therefore, consider their power over the prosperity of the industries of Massachusetts, and the consequent care with which they should be selected.

2. The representatives of the employees are chosen by the Commission with only one restriction: They must be endorsed by one employee in the industry being investigated. On the Candy Wage Board, only three out of the six representing the employees were working in the industry. I know that the Commission had on file nominations endorsed by fifty to one hundred employees but gave preference to nominations endorsed by only two employees. Why this autocratic exercise of power and this rejection of the wishes of a majority of the workers themselves?

3. By controlling the nominations of the representatives of the public and the employees, the Commission has not found it necessary, to accomplish their desires, to object to any nominations made by manufacturers. From these statements you will see that the Commission really has absolute power to dictate wages to be paid to female employees in Massachusetts industries. The only redress is to ignore the law and be blackmailed, or get relief from the court. This latter idea is a joke. If a firm did get relief from the court, it would be unable to get good help at a lower figure than its competitors were paying and would probably have its credit ruined by exposing its financial weakness.

4. During the investigation of the confectionery industry, the Commission was composed of a retired minister, a Harvard college professor and a woman labor leader — secretary of the Women's Federation of Labor. When not engaged in the duties of the Commission, this member is organizing labor unions.

Is it safe for Massachusetts to leave absolute power to determine wages of the female employees in its great industries to any three individuals?

Is it just either to employees or to employers?

Very respectfully yours,

(Signed) GEORGE E. CLOSE, *President*
New England Confectioners' Club.

ORGANIZATION OF THE CORSET WAGE BOARD BY THE COMMISSION

The sort of methods employed by the Commission in placing its agents upon wage boards are well illustrated by citing the case of Mary Donovan, who was appointed to the Corset Wage Board.

Professor Holcombe, a member of the Minimum Wage Commission, stated that her name was furnished at the request of Springfield employees. Be that as it may, her nomination paper was signed by one Lena Kasden, who evidently had no personal acquaintance with her whatever, for the nomination paper was made out in favor of Mary Dolovan, not Donovan.

A canvass of the corset workers of Springfield revealed the fact that Mary Donovan was unknown to them. At the first meeting of the Corset Wage Board, and in reply to a series of questions, Miss Donovan stated that she was not a corset employee, had never been in a corset factory but once, and then only to apply for work which she was refused; that she knew nothing about the process of corset manufacturing; in fact, had never even lived within five miles of a corset factory.

The corset workers of Worcester were represented by two employees who were familiar with the various operations of corset manufacture, but the corset workers of Brookfield and Springfield were represented only by this woman, who, after handicapping the workings of the Board for several months, resigned from the Corset Wage Board, leaving the balance

of power in the hands of the employers. The representatives of the employers, however, were fair enough to decline to take advantage of the situation in spite of the fact that they were instructed to go ahead by the Attorney-General; and have waited patiently for the Commission to find some way to right the wrong.

We understand that the Commission's request of the Legislature is that they be given authority to fill vacancies on the Board. This means, after a Board has given months to the consideration of a question, several members among the representatives of the employees, either with or without pressure from the Commission, might feel obliged to resign, and the Commission, with this additional power which they are seeking, would have the authority to fill their places with persons, perhaps, who had given no time to the consideration of the question. Then at their first meeting a vote might be taken which would saddle hundreds of thousands of dollars of expense upon manufacturers throughout the state; resulting, perhaps, in driving millions of dollars worth of manufacturing to states where such high-handed methods of procedure do not exist.

FEBRUARY 26, 1916.

APPENDIX F

MASSACHUSETTS MINIMUM WAGE LAW SUMMARIZED

Employers, Here Is the A B C of the Present Minimum Wage Law—Study It.

1. THE COMMISSION'S POWERS:

(a) The Massachusetts Minimum Wage Commission consists of three persons, one of whom must be an employer of female labor, one of whom may be a woman and one a representative of labor. The members are appointed by the Governor, subject to the confirmation of the Governor's Council. Up to June 2, 1916, the business interests of the state had no representation on this Commission. On that date an amendment to the law was signed by the Governor providing for the appointment of an employer of female labor and for a representative of labor, as above stated.

(b) *The Commission has power* to inquire into the wages paid *female employees in any industry or occupation in Massachusetts.* It has only to have reason to believe the wages paid to a substantial number of such employees are inadequate to *supply* the *necessary* cost of living and *maintain* the *worker* in *health.*

(c) *The Commission has power* (through a wage board made up equally of representatives of employers, female employees and a limited number of representatives of the public), after a majority report to it by the Wage Board and a hearing given by the Commission itself, *to order and decree* the Minimum Wage, by time or piece rates, for all *female employees* of ordinary ability, in the particular industry, for *all learners and apprentices* (presumably of either sex), and *for all minors* below eighteen years (presumably male or female).

(d) *The Commission has power* and must name in its decree *all employers* who refuse to accept, or fail to agree to, *the Minimum Wage decreed.*

(e) *The Commission has power to publish* the names of

1. Those employers *following* its recommendations.

2. Those employers *refusing* to *follow.* This publication of names, together with a summary of its findings, the Commission may make "at such time and in such manner" as it deems advisable.

3. The penalties prescribed in *e, g* and *h* for employers refusing to follow the Commission's decree are the only penalties named in the Act.

(f) *The Commission has power* to summons witnesses, take their testimony under oath, inspect and examine the records of *any employer*

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